China WindPower Group Limited

(incorporated in Bermuda with limited liability)

(Stock code: 182)

PROPOSED ISSUANCE OF CNY DENOMINATED GUARANTEED BONDS

The Company proposes to conduct an international offering of the Proposed Bonds Issue targeted to certain qualified institutional investors in Asia and Europe. In connection with the Proposed Bonds Issue, the Company will provide such investors with certain recent corporate and financial information regarding the Group and some of such information may not have previously been public. An extract of such recent information is attached to this announcement and will be available on the Company's website (www.chinawindpower.com.hk and www.irasia.com/listco/hk/chinawindpower/) at approximately the same time when such information is released to the institutional investors.

As no binding agreement in relation to the Proposed Bonds Issue has been entered into as at the date of this announcement, the Proposed Bonds Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Company proposes to conduct an international offering of the Proposed Bonds Issue targeted to certain qualified institutional investors in Asia and Europe. In connection with the Proposed Bonds Issue, the Company will provide such investors with certain recent corporate and financial information regarding the Group and some of such information may not have previously been public. An extract of such recent information is attached to this announcement and will be available on the Company's website (*www.chinawindpower.com.hk and www.irasia.com/listco/hk/chinawindpower/*) at approximately the same time when such information is released to the institutional investors.

The completion of the Proposed Bonds Issue is subject to market conditions and investor interest. The Bonds are proposed to be guaranteed by the Subsidiary Guarantors. HSBC, as the sole lead manager and sole bookrunner, is managing the Proposed Bonds Issue. As at the date of this announcement, the principal amount, the interest rate and the terms and conditions of the Proposed Bonds Issue are yet to be determined. Upon the finalisation of the terms and conditions of the Bonds, HSBC and the Company, among others, will enter into the Subscription Agreement and other ancillary documents, pursuant to which, HSBC will be the initial purchaser of the Bonds. Further announcement(s) in respect of the Proposed Bonds Issue will be made by the Company as and when appropriate.

The Proposed Bonds Issue will only be offered or sold (1) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act, (2) to "professional investors" as defined in the SFO and any rules made under the SFO or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of the Companies Ordinance, and (3) certain qualified institutional investors in Asia and Europe.

REASONS FOR THE PROPOSED BONDS ISSUE AND THE PROPOSED USE OF PROCEEDS

The Group is principally engaged in the wind power business and industry, investing in various wind farm projects and providing wind power engineering and construction services in the PRC.

The Company intends to use the net proceeds of the Proposed Bonds Issue for general corporate purposes, to fund its working capital and to fund additional wind farm investment and development.

The Company may adjust the foregoing plans in response to the changing market conditions and circumstances and thus, may reallocate the use of proceeds from the Proposed Bonds Issue.

LISTING

Approval in-principle has been obtained for the listing of the Bonds on the SGX-ST. Admission of the Bonds to the official list of the SGX-ST and quotation of the Bonds on the SGX-ST are not to be taken as an indication of the merits of our Company, our subsidiaries, or the Bonds. No listing of the Bonds has been sought in Hong Kong.

GENERAL

As no binding agreement in relation to the Proposed Bonds Issue has been entered into as at the date of this announcement, the Proposed Bonds Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context indicates otherwise:

"Board"	the board of directors of the Company
"Bonds"	the CNY denominated bonds to be issued by the Company
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	China WindPower Group Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited
"PRC"	the People's Republic of China and excluding, only for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan

"Proposed Bonds Issue"	the proposed issue of Bonds by the Company
"CNY"	the lawful currency of the PRC
"Securities Act "	the United States Securities Act of 1933, as amended
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGX-ST"	the Singapore Exchange Securities Trading Limited
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the agreement proposed to be entered into between, among others, the Company and HSBC in relation to the Proposed Bonds Issue
"Subsidiary Guarantors"	the subsidiaries of the Company which provide a guarantee for the payment of the Bonds provided that those Subsidiary Guarantors will not include any subsidiaries of the Company established under the laws of the PRC
"United States" or "U.S."	the United States of America

By order of the Board
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 22 March 2011

As at the date of this announcement, the Board comprises Mr. Liu Shunxing, Mr. Ko Chun Shun, Johnson, Mr. Wang Xun, Mr. Yang Zhifeng, Ms. Liu Jianhong, Mr. Yu Weizhou, Ms. Ko Wing Yan, Samantha and Mr. Chan Kam Kwan, Jason (who are executive directors), Mr. Tsoi Tong Hoo, Tony (who is non-executive director), and Dr. Zhou Dadi, Dr. Wong Yau Kar, David JP, and Mr. Yap Fat Suan (who are independent non-executive directors).

* *for identification purpose only*

Extract of Operating and Financial Data of China WindPower Group Limited

Sections in the Offering Memorandum to be included:

1. Summary Financial Data
2. Risk Factors
3. Capitalization and Indebtedness
4. Description of other Material Indebtedness
5. Industry
6. History
7. Business

SUMMARY FINANCIAL DATA

The following table presents our summary historical financial data as of and for each of the years ended March 31, 2008 and 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010. The summary financial data is derived from and should be read in conjunction with our consolidated audited financial statements as of and for the years ended March 31, 2008 and 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010, included elsewhere in this offering memorandum. Our financial statements for each of these periods are prepared and presented in accordance with HKFRS.

The financial year end date of the Company and the Group was changed from March 31 to December 31 in 2009 so as to be coterminous with the statutory financial year end date of our principal operating subsidiaries, which are mainly situated in the PRC. Accordingly, the historical financial data for the nine months ended December 31, 2009 are not comparable with the historical financial data for the other years presented herein due to the different length of the financial period.

	Year ended March 31,		Nine months ended December 31,	Year ended December 31,
	2008	**2009**	**2009**	**2010**
	(HK$ in thousands, except earnings per share)			
Income Statement Data:				
Revenue	216,344	379,389	562,597	1,236,020
Other income	23,118	15,673	3,912	7,329
Other gains, net	15,204	28,098	17,552	1,888
Expenses				
Cost of construction and inventories sold	(104,565)	(244,173)	(323,899)	(713,719)
Employee benefit expense	(15,236)	(33,168)	(57,895)	(101,276)
Depreciation and amortization	(872)	(4,463)	(4,749)	(9,633)
Operating lease payments in respect of land and buildings	(2,136)	(3,189)	(3,775)	(8,955)
Other expenses	(21,950)	(25,874)	(33,338)	(55,129)
Finance costs	(5,274)	(5,507)	(1,729)	(4,465)
Share of results:				
Associates	3,032	4,779	4,020	4,483
Jointly-controlled entities	(2,265)	10,461	31,700	192,464
Profit before income tax	105,400	122,026	194,396	549,007
Income tax expense	—	(3,973)	(12,654)	(121,784)
Profit for the period/year	108,087	116,070	181,236	427,223
Other comprehensive income	42,157	80,472	4,017	104,229
Total comprehensive income for the period/year	150,244	196,542	185,253	531,452
Profit attributable to:				
Equity holders of the Company	100,064	116,766	181,236	427,223
Non-controlling interests	8,023	(696)	—	—
Basic earnings per share:				
Basic (HK cents)	2.82	2.06	2.66	5.85
Diluted (HK cents)	1.85	1.81	2.59	5.78

	As of March 31,		As of December 31,	
	2008	2009	2009	2010
	(HK$ in thousands)			
Statement of Financial Position Data:				
Non-current assets:				
Property, plant and equipment	13,455	47,838	123,215	1,585,434
Land use rights	—	642	209	121,645
Intangible assets	903,142	1,218,469	1,220,735	1,262,995
Interests in associates	71,313	99,921	93,421	135,919
Interests in jointly controlled entities	425,738	321,048	742,001	916,556
Deferred tax assets	—	6,008	16,590	23,182
Total	1,413,648	1,693,926	2,196,171	4,045,731
Current assets:				
Inventories	54,970	51,391	52,221	44,425
Trade receivables, net	43,270	38,802	48,947	108,936
Prepayments, deposits and other receivables	210,438	82,159	39,276	139,258
Amounts due from associates	—	19,704	22,229	14,368
Amounts due from jointly controlled entities	137,819	13,686	37,400	339,982
Cash and cash equivalents	335,531	745,061	1,109,561	732,544
Total	782,028	950,803	1,309,634	1,379,513
Total assets	2,195,676	2,644,729	3,505,805	5,425,244
Current liabilities:				
Trade and bill payables	22,100	65,687	96,415	203,250
Other payables and accruals	18,092	40,733	61,565	158,338
Amounts due to jointly controlled entities	67,029	9,791	34,875	31,690
Borrowings	6,578	14	34,072	247,275
Tax payables	—	1,399	11,035	67,067
Total	113,799	117,624	237,962	707,620
Net current assets	668,229	813,880	1,071,672	671,893
Total assets less current liabilities	2,081,877	2,507,806	3,267,843	4,717,624
Non-current liabilities:				
Convertible notes	133,930	23,205	—	—
Borrowings	123	31	—	802,057
Deferred tax liabilities	—	—	—	2,072
Total	134,053	23,236	—	804,129
Net Assets	1,947,824	2,484,570	3,267,843	3,913,495
Equity attributable to the owners of the Company				
Share capital	45,545	62,545	72,787	73,915
Reserves	1,891,730	2,408,420	3,195,056	3,839,580
Non-controlling interests	10,549	13,605	—	—
Total equity	1,947,824	2,484,570	3,267,843	3,913,495

	Year ended March 31,		Nine months ended December 31,	Year ended December 31,
	2008	2009	2009	2010
	(HK$ in thousands)			
Cash Flow Data:				
Net cash generated from/(used) in operating activities	(240,096)	430,775	238,617	260,756
Net cash used in investing activities	(126,319)	(309,896)	(487,910)	(1,734,713)
Net cash generated from financing activities	856,329	94,561	613,124	1,091,807
Net increase in cash and cash equivalents	306,337	399,017	363,831	(382,150)
Cash and cash equivalents at beginning of period/year	22,669	335,531	745,061	1,109,561
Cash and cash equivalents at end of period/year	335,531	745,061	1,109,561	732,544

RISK FACTORS

Before making an investment decision, investors should carefully consider all of the information set out in this offering memorandum, including the risk factors set forth below. Any of the risks described below could materially and adversely affect the Company's or the Subsidiary Guarantor's ability to satisfy their respective obligations, including the Bonds and the Guarantee and have a material adverse effect on the Company's or the Group's business, operations and prospects. In that event, the price of the Bonds could decline, and investors could lose all or part of their investments in the Bonds. The risks and uncertainties described below are not the only risks and uncertainties the Company or the Group faces. Additional risks and uncertainties not presently known to the Company or the Group or that the Company or the Group currently deems immaterial may also adversely affect the Company's or the Group's business operations. The risks discussed below also include forward-looking statements and the Company's or the Group's actual results may differ substantially from those discussed in these forward-looking statements. Subheadings are for convenience only and risk factors that appear under a particular subheading may also apply to one or more other subheadings.

Risks Relating to Our Company and Our Industry

Evaluating our business and prospects may be difficult because of our limited operating history, and our past results may not be indicative of our future performance.

There is limited historical information available upon which to base an evaluation of our business and prospects. We commenced our wind power operations in 2007. We invested in our first wind farm, provided our initial consultancy and design, engineering and construction services and supplied our first tower tube in the same year. Our business has grown and evolved at a rapid rate since we commenced our operations. As a result, our historical operating results may not provide a meaningful basis for evaluating our business, financial performance, prospects and future growth rate. Our future success will require that we continue to invest in, develop, design, engineer and construct additional wind farms, as well as increase our tower tube manufacturing capacity. Therefore, you should consider our business and prospects in light of the risks, expenses and challenges that we will face as a company with a relatively short operating history and you should not rely on our past results or our historical growth rate as an indication of our future performance.

The development and profitability of our wind power projects and wind farms in the PRC is significantly dependent on policies and regulatory framework that support such development.

Our core business segments include wind farm development and investment, wind power consultancy and design, engineering and construction, operation and maintenance and tower tube manufacturing. The development and profitability of our wind power projects and wind farms in the PRC is significantly dependent on policies and regulatory frameworks that support such development. Since 2005, the PRC government has promulgated a series of laws and regulations, such as the Renewable Energy Law, and has implemented rules and recent amendments, which provide preferential measures that support the development of wind power projects in the PRC. These preferential measures include, among others, mandatory grid connection and the guaranteed purchase of all electricity generated from wind farms, subsidized on-grid tariffs (which are higher than the benchmark tariffs for coal-generated electricity), and tax-related incentives such as a reduction or refund of 50% of the value-added tax, or VAT, levied on electricity generation from wind power projects.

While the PRC government has repeatedly reaffirmed its intention to continue its support for the wind power industry, and while our directors are not aware of any potential changes to existing wind power policies in the PRC that may materially and adversely affect our operations in the foreseeable future, we cannot assure you that the PRC government will not change or eliminate the preferential measures, favorable policies and tax incentives currently available to us. In addition, as the regulatory framework in the PRC for renewable energy is relatively new and still evolving, the implementation and enforcement of these policies, laws and regulations may involve uncertainties and may differ from region to region in the PRC. Any reduction, discontinuation or unfavorable application of the preferential measures, favorable policies and tax incentives currently available to us could reduce our revenues and/or increase our costs, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations. In particular, if the PRC government were to reduce or discontinue its current VAT refund policy, our income from government grants would decrease, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations. Further, if the preferential measures, favorable policies and tax incentives currently available to us were changed or discontinued to our detriment, we could be forced to compete directly against other energy companies before our wind farms were able to reach the economies of scale necessary to become cost-effective in a non-subsidized market place. Any of these developments could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Our financial and operating performance is subject to certain factors which are out of our control, including prevailing economic conditions and the state of the wind power market in the PRC.

Our results of operations are subject to general economic conditions and the state of the wind power market. In addition to the policies and regulatory framework discussed above, the growth and development of the wind power market in the PRC is subject to a number of factors, including, among others:

- availability of financing for wind power projects;
- demand for electricity, which is primarily affected by prevailing economic conditions;
- development of the grid infrastructure;
- discovery and development of power generating technologies and natural resources;
- administrative and legal challenges to wind power projects; and
- public perception and local response to wind power projects.

As local grid companies are the sole customers of the wind farms in which we hold an interest or to which we provide products and services, our business and prospects are heavily dependent on local demand for electricity in the areas where our wind farms are located. We cannot assure you that economic growth or growth in demand for electricity in the PRC will continue. If overall or regional demand for electricity decreases, demand for the electricity generated by our wind farms may decrease, which could have a material and adverse impact on our business, prospects, cash flows, financial condition and results of operations. In addition, our wind farm customers may be significantly affected by prevailing economic conditions and the state of the wind power market in the PRC. The inability of our customers to meet their contractual obligations or the insolvency or liquidation of one or more of our significant customers could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

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

We have rapidly expanded our wind farm development and investment business since commencing operations and expect this expansion to continue. The total operational capacity of our wind farms increased from 50.3 MW as of March 31, 2008 to 1,064.3 MW as of December 31, 2010, representing a CAGR of 176.6%. We plan to increase the total operational capacity in our wind farms to over 1,800 MW by the end of 2011. We also intend to expand our wind power services and manufacturing business. For example, we launched three express operation and maintenance centers in Liaoning Province, Jilin Province and the Inner Mongolia Autonomous Region in 2010 to provide express services to wind farms in these areas. In addition, in 2010, we constructed a new tower tube facility in Jilin province, thereby expanding and diversifying our manufacturing capacity.

We have primarily invested in wind farms and wind power projects through joint venture arrangements in which we have taken a minority or joint controlling interest, and a significant majority of our cash flow has come from our wind power services and manufacturing business. Over time, we intend to utilize the cash flows and take advantage of the synergies of our wind power services and manufacturing business to further expand our wind farm development and investment business by developing additional wind power projects and taking larger equity interests in our wind power projects. We plan to focus more on our wind farm development and investment business to balance the income stream of our two primary businesses. However, we may not be able to succeed in executing our business strategy. Our ability to do so successfully depends on a variety of factors, including our ability to develop and expand our existing wind power projects, locate joint venture partners for our wind power projects, secure adequate financing, operate existing and future projects profitably, secure contracts for our wind power services and manufacturing business and obtain new turbines on schedule and at reasonable prices. To support our growth, we must continue to improve our managerial, technical and operational capabilities. In addition, we must continue to recruit and train appropriate personnel to satisfy our development needs. As we continue to grow, we will be required to manage a larger network of joint venture partners, customers, suppliers, contractors, lenders and other third parties and to further strengthen our internal control and compliance functions. We cannot assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new operational locations or difficulties in expanding our existing businesses and operations and training an increasing number of personnel to manage and operate the expanded business. If we are unable to execute our business strategy successfully or manage our growth effectively, our business, prospects, cash flows, financial condition and results of operations may be adversely effected.

We are substantially dependent on wind farms in which we have a minority or joint controlling interest as customers for our wind farm services and manufacturing business and we may not be able to continue to secure service and supply contracts with them or expand the products and services provided to independent third parties.

Historically, most of our revenues in our wind power services and manufacturing business have come from wind farms in which we have a minority or joint controlling interest. As part of our growth strategy, we expect to remain substantially dependent on our wind farms in which we have a minority or joint controlling interest as customers of our wind power services and manufacturing business. However, we cannot assure you that these wind farms will remain customers of our wind power services and manufacturing business. Generally, we bid for contracts to supply parts and services to wind power projects under a competitive bidding process. Although to date we have been successful in securing service and supply contracts for the majority of the wind power projects in which we have a minority or joint controlling interest, we cannot assure you that we will be able to secure such contracts in the future.

We have limited experience in providing wind farm services to independent third party wind power projects. Moreover, such projects may be owned and operated by affiliates of state-owned energy companies, which may themselves wish to supply necessary wind power parts and services to these projects. If we are unable to continue to secure, supply and service contracts for wind farms in which we have a minority or joint controlling interest or secure independent third party wind farms and wind power projects as customers of our wind farm services and manufacturing business, our business, prospects, cash flows, financial condition and results of operations may be adversely affected.

Our wind farm development and investment business subjects us to risks associated with the ownership and operation of wind farms.

Historically, we have invested in wind farms primarily through joint venture arrangements in which we have taken a minority or joint controlling interest. These wind farms are not our subsidiaries, but rather jointly controlled entities and associates and the revenue from our investments in these wind farms is not consolidated in our results of operations. Rather, we record our share of profits in these wind farms using the equity accounting method. Our share of the profit of the jointly controlled entities and associates in the years ended March 31, 2008 and 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010 represented approximately 0.7%, 12.9%, 19.7% and 46.0%, respectively, of our total profit during these periods. For the year ended December 31, 2010 only, our share of the results of our jointly-controlled entities and associates included amounts from power generation activities, deferred tax and disposals of jointly-controlled entities. As a result, our business, prospects, cash flows, financial condition and results of operations are increasingly subject to risks associated with the ownership and operation of wind farms, which are discussed in further detail below.

Wind and associated weather conditions

The electricity and revenue generated by our wind farms are highly dependent on climatic conditions, particularly wind conditions, which vary across seasons and regions and are difficult to predict. Turbines will only start to operate when the wind speed reaches a certain minimum velocity, and must be disconnected when the wind speed exceeds a certain maximum velocity to avoid damage. The more wind speeds fall outside the operational range of our turbines, which varies by turbine model and manufacturer, the less electricity these turbines are able to generate. We cannot assure you the extent to which wind conditions at any of our wind farms will fall within the operational range of the turbines at these wind farms.

We base our investment decisions for our wind farms on the findings of feasibility studies conducted onsite before starting construction. However, actual climatic conditions at a wind farm, particularly wind conditions, may not conform to the findings of our feasibility studies, and, therefore, our wind farms may not meet anticipated production levels, which could adversely affect our forecasted profitability.

As most of our wind farms are located in northern China, power generation normally reaches peak levels from October to April and falls to its lowest levels from July to August. However, if seasonal wind conditions do not conform to our historical observations or correspond to our assumptions, our wind farms may experience unanticipated fluctuations in their ability to generate power. Similarly, one or more accidents, severe weather or other natural disasters, particularly those affecting multiple wind power projects and wind sites, could damage our wind farms and related facilities and decrease production levels, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Grid connection

Our wind farms must obtain consent to connect to the local power grid before obtaining project approval. Such consent is dependent on a number of external factors, including the availability of local grids with adequate transmission capacity, progress of grid construction or system upgrades, the distance between our preferred wind sites and the local grids, and the cost of additional interconnection facilities. Further, wind farms and other renewable energy facilities of our competitors located near our wind power projects may compete with us to secure grid connection. Many of these factors are beyond our control, and we may not be able to obtain all necessary consents for our wind farms in a timely manner, or at all. Any failure to obtain the consent of local grid companies for connection to the local grid may delay or prevent the construction of our wind farms, which in turn could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

In addition, we typically rely on local grid companies to construct the interconnection facilities and to provide the electricity transmission and dispatch services necessary to connect our wind power projects to the local grid. We cannot assure you that local grid companies will do so in a timely manner, or at all, and therefore we may not be able to dispatch electricity when our wind farms commence operations, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Electricity sales and electricity transmission and dispatch services

Our wind farms depend on the power grids owned and operated by local grid companies to transmit the electricity they generate. Although under the Provisional Measures on the Dispatch of Energy Saving Power Generation and the Renewable Energy Law, grid companies generally must purchase and dispatch all electricity generated by wind power companies within the coverage of their grids, we cannot assure you that local grid companies will comply with this obligation at all times. Further, as the statutory purchase obligation is a relatively new concept under PRC law, it is uncertain as to how the local governments may choose to enforce this requirement against grid companies, which may also negatively affect the statutory support from which our wind farms currently benefit. Any non-compliance with the statutory purchase obligation by local grid companies may materially and adversely affect the electricity sales and future prospects of our wind farms.

In addition, some of our wind farms are located in remote areas, such as Jilin Province and the Inner Mongolia Autonomous Region, where the local power grids may have insufficient transmission capacity to deliver all the potential electricity that our wind farms could generate when operating under full load, or during the winter season, in order to give priority to the heating supply provided by steam-electricity cogeneration companies and to ensure the stability and safety of the local grids. Various transmission limitations, such as grid congestion caused by the underdevelopment of the local power grids and temporary transmission interruption caused by system upgrades, may curtail the electricity generation of our wind farms, impairing their ability to fully capitalize on a particular wind farm's potential. As electricity generated from our wind farms is not stored and must be transmitted or used once generated, our wind farms may temporarily suspend operating wind turbines to accommodate transmission limitations from time to time. Such events could adversely affect the electricity output of our wind farms, and in turn, our business, prospects, cash flows, financial condition and results of operations.

We consider the transmission limitations imposed by the local power grid as a major obstacle affecting our wind farms. In areas where the construction of our wind farms outpaces the transmission capacity of existing grids, we expect that some of our wind farms may experience transmission

limitations in the future. In addition to the transmission limitation, a number of other factors may also decrease the electricity output of our wind farms, including wind speed, wind direction and other wind patterns, the design and build quality of wind turbines, the location of each project, wake effects and topographical characteristics of the wind sites. Furthermore, electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to repair and maintenance, construction work and other reasons beyond the control of our wind farms. Given that these contributing factors are often interrelated and cannot be quantifiably distinguished from each other, and there is no established industry standard to evaluate the effect of each factor and their interrelationship, we cannot reliably estimate the possible financial effect on our wind farms attributable to transmission limitations alone. In addition, neither the power purchase agreements nor the applicable PRC regulatory framework pursuant to which we sell electricity specifically provide for any compensation from the respective local grid companies for any financial losses caused by transmission limitations. Any future transmission limitations in the existing grids may reduce the electricity output of our wind farms, which in turn could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Wind turbine operating performance

The ability of our wind farms to generate revenue depends on the operating performance of their wind turbines. A wind turbine's non-performance or under-performance will have a direct negative effect on a wind farm's results of operations. All of the wind turbines procured by our wind farms are domestically manufactured wind turbines. Some wind turbine designs, in particular newer models, have relatively short operating histories, and the operating performance of domestically manufactured wind turbines may not be comparable to that of imported wind turbines with more established operating histories. Wind farms installing newly developed wind turbines may experience performance and availability shortfalls. Furthermore, wind turbine quality testing and certification by professional third parties is a relatively new concept in the PRC, and regulatory or mandatory requirements for quality testing and certification of domestically manufactured wind turbines using international standards are not well established.

When our wind farms purchase wind turbines, they also enter into warranty agreements with turbine suppliers, covering one to three years after each wind turbine successfully completes a non-stop trial run. A number of turbine suppliers impose caps on their liability for performance warranties. In addition, although some wind turbine suppliers provide our wind farms a limited indemnification for performance and availability shortfalls, we cannot assure you that such indemnification will be adequate to cover any adverse effect on our financial performance. Furthermore, we cannot assure you that when our wind farms negotiate new turbine supply agreements, they will be able to negotiate warranty and other terms comparable to those in their existing supply agreements. As a result, project costs could increase due to shorter warranty periods or more restrictive warranties, any of which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Customer risks

Currently, our wind farms sell substantially all of the electricity they generate to local grid companies to whose grids they are connected, rather than selling directly to any corporate, industrial or residential end-users. Therefore, the revenue and results of operations of our wind farms are highly dependent upon local grid companies fulfilling their obligations under the applicable PRC regulatory framework and/or power purchase agreements. Although all of our local grid company counterparties are state-owned enterprises that we believe to be creditworthy, we cannot assure you that they will comply with the applicable PRC regulatory framework by purchasing all of the electricity generated

by our wind farms or by making full and timely payments according to the on-grid tariffs fixed by the PRC government. Further, customers which have entered into power purchase agreements with our wind farms may not comply with their contractual obligations or may become subject to insolvency or liquidation proceedings during the term of the relevant power purchase agreement. Any inability or failure by such customers to meet their statutory purchase obligations or contractual commitments or the insolvency or liquidation of customers of our wind farms could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Purchase and installation of equipment

The recent amendments to the Renewable Energy Law and related grid safety regulations require wind power companies to protect the safety and stability of the grids, and therefore, we expect some of our wind farms will be required to purchase and install additional equipment at their own expense. In the future, if our wind farms become subject to stricter grid safety and stability requirements, they may need to incur additional costs to upgrade existing facilities and wind turbines, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Interference from nearby objects

The operational performance of our wind farms depends on wind speeds and other climatic conditions at the relevant site. However, objects such as buildings, trees or other wind turbines near our wind farms, especially in more built-up areas, may reduce our wind resources due to the disruption of wind flows, known as "wake effects." Although we exercise care when selecting our wind farm sites, our wind farms typically only obtain land use rights for the land underlying their wind turbine towers and the nearby infrastructure. The PRC government could grant land use rights for nearby land which, when developed, would have a negative wake effect on our wind farms. Furthermore, we cannot assure you that the holders of the land use rights related to land near our wind farm sites will not lease or transfer their land use rights to other developers who may construct wind turbines or other structures that would have negative wake effects. Such developments may reduce the operational performance of our wind farms, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

The weighted average on-grid tariff of our wind farms is subject to fluctuations.

The weighted average on-grid tariff per kWh (including VAT) of our wind farms was RMB0.63, RMB0.55, RMB0.57 and RMB0.59 in the years ended March 31, 2008 and 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010, respectively. Historically, on-grid tariffs for wind power projects in the PRC were either determined by concession tendering or approved by the PRC pricing authorities, a system known as "government guided pricing". The average on-grid tariffs for wind power projects in the PRC varied significantly across regions during this period. Since August 1, 2009, the NDRC replaced the previous government guided pricing with "government fixed pricing," and divided China into four wind resource zones, applying the same benchmark on-grid tariff to all onshore wind power projects in each zone. Specifically, onshore wind power projects in zone one to zone four are entitled to a benchmark on-grid tariff per kWh (including VAT) of RMB0.51, RMB0.54, RMB0.58 and RMB0.61, respectively. See "Industry — Overview of Policies and Incentives for the PRC Wind Power Industry — On-grid Tariffs." As the electricity we generate in each wind resource zone applies different benchmark on-grid tariffs, when the composition of our portfolio of wind farms changes, the weighted average on-grid tariff of our wind farms changes accordingly. In response to our business strategy, government policy and other factors, we may change the

composition of our portfolio of wind farms from time to time. In the event of any material reduction in our weighted average on-grid tariff, or any material change in the current pricing policies for PRC wind power projects, the business prospects and results of operations of our wind farms may be materially and adversely affected.

We face risks relating to delays in the development of new wind power projects.

We face risks relating to delays in the completion of the wind power projects in which we invest and to which we provide services. These wind power projects may suffer significant construction delays or construction cost increases as a result of a variety of factors, including:

- failure to secure interconnection to transmission lines;
- failure to receive adequate bank borrowings on favorable terms;
- failure to secure required regulatory permits or approvals on time;
- failure to receive wind turbines or other critical components and equipment from third parties on schedule and according to design specifications;
- failure to receive quality and timely performance of third-party services;
- inclement weather conditions;
- adverse environmental and geological conditions; and
- force majeure or other events beyond our control.

Any of these factors could give rise to construction delays and construction costs in excess of our budgets, which may prevent us from completing construction of a project, or operating such project profitably, and impair our business, prospects, cash flows, financial condition and results of operations.

We rely on a limited number of qualified wind turbine suppliers.

The cost of wind turbines represents approximately 50% to 60% of the total cost of a wind power project, thus directly affecting the profitability of our wind farms. Therefore, our wind farms are exposed to any changes in the market prices of wind turbines when they negotiate new supply agreements, and the price trend of wind turbines has a direct effect on the results of operations of our wind farms. Expanded turbine production capacity, the global financial crisis, and increased competition among turbine suppliers in the PRC and overseas have significantly reduced turbine prices since the second half of 2008. However, if turbine prices were to increase significantly in the future, investment costs of our wind farms may increase and our results of operations would be materially and adversely affected.

The PRC wind power industry has seen accelerated development since the introduction of a series of wind power incentives in 2005, and there are an increasing number of wind turbine manufacturers that have entered the PRC market after 2008. However, to ensure the quality of turbine supplies, our wind farms generally buy wind turbines from top-tier domestic or foreign joint venture brands with longer track records, and therefore, their wind turbine suppliers have in the past been relatively concentrated. For example, as of December 31, 2010, our wind farms' three largest wind turbine suppliers, Sinovel, GoldWind and Dongfang, supplied approximately 37.5%, 23.3% and

32.6%, respectively, of the total operational capacity of our wind farms. Although our wind farms have not experienced any material delay in turbine delivery or shortage in turbine supplies in the past, we cannot assure you that they will be able to purchase a sufficient quantity of turbines from their key suppliers in the future. Any significant delay in turbine delivery, the inability of key wind turbine suppliers to meet the quantity and quality obligations of our wind farms or the unavailability of alternative supplies could hinder the development plans of our wind farms, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Although we seek to expand and diversify the supplier base of our wind farms, our wind farms' reliance on a few turbine suppliers exposes them to certain risks, including the loss of any of these suppliers, the inability to find replacement suppliers at commercially acceptable terms, or an adverse change in the terms of our wind farms' existing contractual agreements with suppliers. The occurrence of any such events could delay our wind farms' commercial operation, which in turn could materially and adversely affect our wind farms' and our business, prospects, cash flows, financial condition and results of operations.

Problems with product quality or product performance could result in a decrease in tower tube customers and revenue, and product liability claims against us could result in adverse publicity and potentially significant monetary damages.

Sales of tower tubes represent a significant portion of our revenue. Our tower tubes are typically sold with a one-year warranty for quality defects. As a result, we bear the risk of extensive warranty claims for a one-year period after we have sold tower tubes and recognized manufacturing revenue. As we began selling tower tubes in August 2007, a substantial portion of our tower tubes have been in use for less than one year and we have a limited history on which to base our warranty estimates for the tower tubes we manufacture. In addition, our assumptions regarding the durability and reliability of our tower tubes may not be accurate. The expenses associated with remediation activities in the wind industry can be substantial and if we are required to pay such costs in connection with a customer's warranty claim we could be subject to additional unplanned cash expenditures. If our estimates prove materially incorrect, or if we are required to cover remediation expenses in addition to our warranty coverage, we could accrue additional expenses and could face material unplanned cash expenditures, which could harm our financial and operating results. Further, as most of our tower tubes have historically been used in our wind farms, any problem with product quality or performance of these tower tubes could disrupt the operations of these wind farms and therefore significantly lower the revenue from our investments in these wind farms, which in turn could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

As with other tower tube manufacturers, we are also exposed to risks associated with product liability claims if the use of the tower tubes results in injury, death or damage to property. We cannot predict at this time whether product liability claims will be brought against us or the effect of any resulting cost, liability or negative publicity on our business. In addition, we have not made provisions for potential product liability claims and we may not have adequate resources to satisfy a judgment if a successful claim is brought against us. Moreover, the successful assertion of product liability claims against us could result in potentially significant monetary damages and require us to make significant payments and incur substantial legal expenses. Even if a product liability claim is not successfully pursued to judgment by a claimant, we may still incur substantial legal expenses defending against such a claim.

We face competition from conventional energy sources and industry participants who may have greater resources than we do.

Generally, we face competition from other renewable energy companies in the PRC, including wind, solar, hydro, biomass, geothermal and ocean power, which benefit from various governmental incentives such as on-grid tariff premiums and dispatch priorities. If the PRC government strengthens its support for other renewable energy sources, we may face intensified competition from other renewable energy companies and our results of operations may be adversely affected. In addition, we also face competition from power generators using nuclear energy and fossil fuels such as coal, petroleum, natural gas and other conventional energy sources. These conventional energy sources may have favorable policies or regulations that benefit their utilization or consumption. For example, local grid companies in northern China may give priority to dispatch electricity generated by coal based thermal power plants during the winter. Such dispatch mechanism could have a material adverse effect on our business, financial condition and results of operations if the electricity generated by our wind farms within the coverage of local grid companies exceeds the local electricity demand. Technological innovations in nuclear energy or fossil based power generation or discovery of large-scale new deposits of fossil fuel may reduce the operational cost of these nuclear energy or fossil based power generators or enable them to strengthened governmental support, which in turn may render our wind power projects less competitive.

With respect to our wind farm development and investment business, competition is focused on obtaining exclusive wind farm development rights, or acquiring existing project sites (in particular sites with favorable wind conditions and adequate transmission capacity) and the relevant governmental approvals. The competition among wind power generation companies occurs mainly during the development stage, particularly in selecting suitable sites and obtaining rights to develop wind power projects at a specific site. The development of wind power projects is limited by natural conditions, especially the wind resources that are found in limited geographic areas and at particular sites. We compete with other national or local wind power developers for desirable sites through entering into wind power development agreements with local governments which provide us with exclusive rights or priority to develop wind power projects within a specific area during a specified period of time. We also compete with our competitors in a number of other areas, including obtaining relevant governmental approvals, adding our projected capacity into the local grid planning and securing bank borrowings. The preferential government policies, regulations and incentives for the wind power industry may attract new entrants into the market despite the relatively high barriers caused by the substantial capital requirement. Some of our existing or future competitors may have better access to local governmental support, financial and other resources than we do, providing them with competitive advantages in certain areas. Our business, financial condition and results of operations may be adversely affected as a result of such competition.

With respect to our wind power manufacturing business, competition is primarily focused on the quality of our products and price. Some of our competitors may have greater financial, sales and marketing, R&D, personnel, or other resources than us. Our competitors may also respond more quickly to changes in technology or customer requirements, or offer similar products at prices lower than ours. If we are unable to maintain or increase our competitiveness in the future, our business, prospects, cash flows, financial condition and results of operations may be adversely affected.

Given that most of our wind power services have historically been provided to our wind farms, we have not faced substantial competition in this business line. However, as we increase our wind power services to independent third parties, our competition in this business line will increase, and we expect to compete on the basis of the quality and pricing of our services. Accordingly, we cannot assure you that we will have resources or expertise to compete successfully in the future.

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

Wind power projects require wind conditions that are found in limited geographic areas and particular sites. Further, wind power projects must be interconnected to electricity transmission grids in order to deliver electricity. Once suitable wind sites are identified, the ability to obtain underlying land use rights with respect to the sites is increasingly subject to competition from other wind energy producers, which may have better access to local government support as well as financial or other resources. If our wind farms are unable to find, or obtain land use rights for, suitable wind sites, they may be unable to develop new wind farm projects or commence operations on a timely basis or at all, which could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

We have not obtained valid title certificates for some of the properties and land that we own and occupy.

Our applications for the title certificates in respect of some of our properties and land are currently being processed. See "Business — Properties". As of the date of this offering memorandum, 13 of our PRC subsidiaries have not obtained land use right certificates. Pursuant to relevant PRC laws and regulations, any unit or individual carrying out construction that requires the use of land must apply to use state-owned land in accordance with the law. Where land is unlawfully occupied without approval, the department in charge of land administration will order the unlawfully occupied land to be returned, or order the dismantling and removal of buildings and other facilities newly built on the unlawfully occupied land within a stipulated period, or impose a fine. The principal person directly responsible and other directly liable personnel of the unit which unlawfully occupied the land will be subject to disciplinary action in accordance with the law. Where a crime has been committed, criminal liability can be pursued in accordance with applicable law. We cannot assure you that we will be able to obtain valid title certificates for all the properties and land. Our rights as owner or occupant of these properties and land may be adversely affected due to the absence of such valid title certificates. Moreover, we cannot assure you that there will not be challenges in respect of our rights in relation to the relevant properties and land that we use or occupy which may result in interference with our business operations carried out on the affected properties or land, and cause a material and adverse impact on our business, prospects, cash flows, financial condition and results of operations.

Disruptions in the supply of parts and raw materials, or changes in supplier relations, may negatively impact our operating results.

We are dependent upon the supply of certain raw materials used in our manufacturing production process and our engineering and construction services business. These raw materials are subject to price fluctuations on the open market. Raw material costs for items such as steel, the primary raw material used by us, have fluctuated significantly and may continue to fluctuate. To reduce price risk caused by market fluctuations, we have incorporated price adjustment clauses in our tower tube sales contracts. However, limitations on availability of raw materials or increases or decreases in the cost of raw materials (including steel and cement), energy, transportation and other necessary services may impact our operating results if our manufacturing businesses and our engineering and construction services business are not able to fully pass on the costs associated with such increases or decreases to their respective customers. Alternatively, we may not realize material improvements from decreases in steel costs as the terms of our tower tube supply contracts generally provide that we pass such

decreases in costs to our customers. Our wind farm development and investment business is also subject to the availability and price fluctuations of raw materials as our wind farms are the end-users of these raw materials, whether they are procured internally or through equipment providers or service providers.

In addition, we may encounter supplier constraints, be unable to maintain favorable supplier arrangements and relations or be affected by disruptions in the supply chain caused by such events as natural disasters, power outages and labor stoppages. In the event of significant increases or decreases in the price of raw materials, particularly steel, our margins and profitability could be negatively impacted.

We may experience logistical difficulties in transporting tower tubes to our customers.

Although our tower tube manufacturing facility in Jilin Province is strategically located in close proximity to regions in the PRC with abundant wind resources, we may experience logistical difficulties in transporting tower tubes to our customers. We use freight trucks to transport tower tubes, which represent oversize and overweight equipment. As a result, we are subject to delays and other risks in transporting tower tubes, due to weather, traffic, fuel prices, weight and constraints in transporting goods on roadways and other conditions affecting ground transportation. In addition, our manufacturing facilities are only located in Jilin Province. If we are not able to enter into cooperation arrangements to lease production facilities in jurisdictions close to our customers, or build new manufacturing facilities in close proximity to our customers, we may be required to transport the tower tubes manufactured in our Jilin Province facility to customers located in distant provinces, or we may fail to secure supply contracts due to the distance of potential customers from our production facility.

We operate in a capital-intensive business and if we cannot obtain additional capital on terms satisfactory to us when we need it, our growth prospects may be materially and adversely affected.

We require a significant amount of cash to fund our operations and investments in new wind power projects. As we proceed to take larger equity interests in our new wind power projects, we will also require a significant amount of cash to fund our development, construct new wind power projects and purchase fixed assets and equipment, such as wind turbines. In addition, we require cash to expand our consultancy and design, engineering and construction, and operation and maintenance and tower tube manufacturing capabilities, including additional anemometer towers, and manufacturing and other facilities. We plan to increase the total operational capacity of our wind farms to over 1,800 MW by the end of 2011. Our per kW wind farm development investment costs are approximately RMB8,500 per kW. We expect to finance such development costs principally with bank loans, supplemented by the proceeds of this offering, cash flows from operating activities and our existing cash resources. Historically, the financing of our wind farms has primarily been arranged or guaranteed by our joint venture partners. As we proceed to take larger equity interests in our new wind power projects, we may have greater responsibilities in financing new projects. Our ability to obtain external financing is subject to a number of uncertainties, including:

- obtaining the necessary PRC government approvals to raise financing for projects;
- our future financial condition, results of operations and cash flows, and lenders' perceptions of our creditworthiness;
- the state of global and domestic credit markets;
- general market conditions for financing activities by companies in our industry;

- changes in the monetary policy of the PRC government with respect to bank interest rates and lending policies; and

- economic, political and other conditions in the PRC and elsewhere.

If we are unable to obtain funding in a timely manner or on commercially acceptable terms, or at all, our business, prospects, cash flows, financial condition and results of operations may be materially and adversely affected.

Our financing costs and the financing costs of our wind farms are affected by changes in interest rates.

Our financing costs as well as the financing costs of our wind farms, are affected by changes in interest rates. A substantial majority of our borrowings and the borrowings of our wind farms are linked to benchmark five-year lending rates published by the PBOC. From April 2006 to December 2007, the PBOC raised the benchmark five-year lending rate seven times from 6.39% to 7.83%. Beginning in September 2008, the PBOC decreased the benchmark five-year lending rate five times from 7.83% to 5.94% in December 2008. As of December 31, 2010, the benchmark five-year lending rate was 6.40%. As of February 9, 2011, the five-year benchmark lending rate was 6.60%. The PBOC may raise lending rates in the future, which may adversely affect our business, prospects, cash flows, financial condition and results of operations.

Because we hold a minority or joint controlling interest in the majority of our wind farms, the financing costs of these wind farms have not historically been consolidated in our financial statements. However, if we take a controlling interest in a larger percentage of the wind power projects under construction or in our development pipeline, our financing costs and level of bank indebtedness in the future may increase substantially, and we will be increasingly affected by changes in interest rates.

If our projections regarding the future market demand for our wind power products and services are inaccurate, our operating results and our overall business may be adversely affected.

We have made significant capital investments in anticipation of rapid growth in the wind power market. The ongoing expansion of our wind power services and manufacturing business has required and will continue to require significant fixed costs. In addition, we plan to significantly increase our total installed capacity by developing new wind power projects, which generally require a two-year development period and significant capital and other resources before any revenue or cash may be generated therefrom. If market demand for our wind power products and services does not increase as we have anticipated and align with our expanded wind farm services and manufacturing capacity, we may be unable to offset these costs and to achieve economies of scale, and our operating results may be adversely affected as a result of high operating expenses, reduced margins and underutilization of capacity. On the other hand, if we experience rapid demand for our wind power products and services in excess of our estimates, our installed capital equipment and existing workforce may be insufficient to support higher volumes of wind power products and services, which could harm our customer relationships and overall reputation. In addition, we may not be able to expand our workforce and operations in a timely manner, procure adequate resources, or locate suitable third-party suppliers, to respond effectively to changes in demand for our existing wind power products and services or to the demand for new wind power products and services requested by our customers, and our business could be adversely affected. Our ability to meet such excess customer demand could also depend on our ability to raise additional capital and effectively scale our wind farm services and tower tube manufacturing operations.

Disputes with joint venture partners of our wind farms in which we hold a minority interest or which we jointly control, may adversely affect our business.

Historically, we have invested in substantially all of our wind farms with state-owned energy companies as joint venture partners, and have taken a minority interest in or jointly controlled such wind farms. Our control over the assets, projects and corporate entities holding these wind farms is limited and is generally subject to the terms of joint venture agreements. Our ownership interests in these wind farms do not provide us with the right to control all of their actions. We do not have full control over the proposed strategies, policies or objectives of any of the wind farms in which we have a minority or joint controlling interest, and cannot assure you that we will be able to secure supply and service contracts with these entities. In addition, our joint venture partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant joint venture or cooperation agreements; or
- have financial difficulties and expose us to potential credit risk.

A disagreement with any of our joint venture partners in connection with the scope of performance of our respective obligations under the project could affect our ability to develop a wind power project or operate a wind farm. A serious dispute with our joint venture partners could adversely affect our business, prospects, cash flows, financial condition and results of operations.

We may fail to comply with laws and regulations in the PRC relating to the development, construction and operation of wind power projects, and the provision of wind farm services and the manufacture of tower tubes, and we may not be able to obtain, maintain and renew necessary approvals, qualifications and permits required in our operations.

Our wind farms 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 requirements for power companies, building and construction of new projects, landscape conservation, environment protection and power dispatch and transmission. Regulations and government policies also often affect electricity pricing and technical interconnection of end-user power generation. As the wind power and other alternative energy industries continue to develop, we expect these regulations and policies will continue to be modified. Before our wind power projects begin construction and our wind farms commence operations, they must first obtain project approvals and operational and construction permits from various authorities. Procedures for granting project approvals and operational and construction permits vary by region, and certain provinces may deny requests for permits for a variety of reasons. As of the date of this offering memorandum, 17 of our wind farms have not obtained a planning permit or construction permit. Pursuant to the relevant PRC laws and regulations, a company which commences construction without obtaining the construction permit shall be ordered to rectify any illegal activity. Where the construction project does not meet the requirement for commencing construction operations, a company will be ordered to halt construction operations and may be imposed a fine. Where the construction operations seriously affect city planning, a company will be ordered by the competent authority to demolish the construction.

As of the date of this offering memorandum, six of our wind farms have not obtained an electric power business permit. Pursuant to relevant PRC laws and regulations, a company which engages in electric power business without obtaining an electric power business permit will be ordered to rectify any illegal activity, and any illegal income will be confiscated, and may be subject to a fine up to five times its illegal income. Where a crime is committed, the relevant individual can be prosecuted for criminal liabilities in accordance with the applicable law. As of December 31, 2010, our wind power pipeline projects reserved for future development had an estimated capacity of approximately 14 GW. If our wind farms are unable to obtain the necessary project approvals for these wind power pipeline projects, our planned business growth could be materially and adversely affected. Our wind farms must comply with laws and regulations in addition to the conditions contained in project approvals and operational and construction permits. Failure to do so may result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of approvals, licenses or permits.

With respect to our wind power services and manufacturing business, we are required to obtain qualification certificates of the appropriate grade from various PRC governmental authorities, including the NDRC and the Ministry of Housing and Urban — Rural Development or their local branches, prior to providing wind power engineering consulting, engineering design and construction contractor services. The qualification certificates held by us with respect to our wind power consultancy, design, engineering and construction business are generally valid for a maximum period of five years and subject to periodic renewal or reassessment by the relevant PRC governmental authorities and the standards of such renewal or reassessment may change from time to time. We may not be able to obtain all regulatory approvals, licenses, certificates and permits that may be required in the future in any of our wind power development, consultancy, design, engineering, construction, operation, maintenance or manufacturing businesses, or maintain existing regulatory approvals, licenses, certificates or permits. Any failure by us to obtain or maintain regulatory approvals, licenses, certificates and permits necessary to carry on our business could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations. In addition, any inability to renew these licenses, certificates and permits could severely disrupt our business. Any changes in the standards used by governmental authorities in considering whether to renew or reassess our business approvals, licenses, certificates and permits, as well as any enactment of new regulations that may restrict the conduct of our business, may also decrease our revenues or increase our costs, and materially reduce our profitability and prospects. Further, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect requiring us to obtain any additional approvals, licenses, certificates or permits that were previously not required to operate our existing businesses, we cannot assure you that we may successfully obtain such approvals, licenses, certificates or permits.

We are subject to uncertainty regarding our sales of CERs and the registration of our CDM projects.

We currently have nine CDM projects under which our wind farms generate income from the sales of CERs. Under the Kyoto Protocol, which the PRC government ratified in August 2002, public or private entities can purchase the CERs generated from CDM projects and use these CERs to comply with their domestic emission reduction targets or sell them on the open market. For the years ended March 31, 2008 and 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010, our wind farms generated other net income from the sales of CERs of RMB7.2 million, RMB7.5 million, RMB8.3 million and RMB42.9 million, respectively. As we continue to expand our operations, we will seek to increase our wind farms' sales of CERs. 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, it could have a material adverse effect on our wind farms' income from sales of CERs.

In addition, since the process to register CDM projects with the CDM EB is relatively complicated, the timing and outcome of our wind farms' registration applications are uncertain. We cannot assure you that the CDM EB will approve applications for the CDM project registration for our wind farms in a timely manner, or at all. Further, should there be any material changes to the verification standards in the registration progress or other changes to the generation registration policy, we and our wind farms may be unable to register our wind farms as CDM projects in the future, which would have a material adverse effect on our wind farms' income from the sales of CERs and our business, prospects, cash flows, financial condition and results of operations.

Our plans to diversify our operations by developing offshore wind power projects and other renewable energy projects, such as solar power projects or solar-wind power hybrid projects may not be successful.

One of our medium- to long-term goals is to diversify our operations by developing offshore wind power projects and other renewable energy projects, such as solar power projects or solar-wind power hybrid projects. We are currently exploring opportunities to develop offshore wind power projects in Jiaxing, Zhejiang Province in conjunction with joint venture partners. However, we have not developed any firm plans to invest in or develop any particular project or identified any firm joint venture partners. We will continue to monitor the offshore wind power sector and tariff developments before doing so. With regard to solar-wind hybrid or solar power projects, we have signed a technical service agreement with the Jilin Climate Center to establish solar resource monitoring systems in Tongyu and Zhenlai counties in Jilin Province to collect data on the potential for these types of projects. As of December 31, 2010, we have secured development agreements for 648 MW of solar resources in Jilin, Liaoning and Gansu Provinces and the Inner Mongolia Autonomous Region. Although we are currently conducting testing for these solar resources and receiving the related feasibility studies, we cannot assure you that these projects will successfully develop. If we are unable to successfully develop projects utilizing these and other renewable sources, our growth prospects, business, financial condition and results of operations may be adversely affected.

We depend on certain senior managers and key employees.

Our historical success is substantially attributable to the role played by a group of our senior management and key employees. Although we have strengthened our team by recruiting several high-level executives and employees who bring experience in both administration and development, together with, in many cases, renewable energy industry specialists, our future success depends significantly on the full involvement of these key executives and employees and our ability to continue to retain and recruit high-level personnel. Furthermore, competition for qualified personnel with relevant expertise in the PRC is intense due to the scarcity of qualified individuals in the rapidly growing renewable energy industry, and in particular the wind power industry. We may need to offer higher compensation and other benefits to attract and retain key personnel. Our inability to retain such key executives and employees, or, alternatively to adequately replace them or hire qualified new executives and employees as our business grows, could adversely affect our ability to achieve our objectives and execute our business strategy, and thereby have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Our wind farms' assets and operations are subject to hazards customary to the electricity generation industry, and our wind farms may not have adequate insurance to cover all these hazards.

Our wind farms' main assets include, among other things, wind turbines, tower tubes, blades, transformers, interconnection infrastructure and manufacturing facilities. Operating these assets involve risks and hazards that may adversely affect our wind farms' operations, including equipment

failures, natural disasters, environmental hazards and industrial accidents. These and other hazards can cause significant personal injury or death, severe damage to and destruction of property, plant and equipment, contamination of, or damage, to the environment and suspension of operations. Our wind farms 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 our wind farms to make indemnification payments in accordance with applicable laws.

In accordance with industry practice in the PRC, our wind farms do not carry business interruption insurance, and would not be compensated for any loss arising from the interruption of their operations. Our wind farms have entered into insurance policies to cover certain other risks associated with our wind farms' business. While we believe this insurance coverage is commensurate with our wind farms' business structure and risk profile, we cannot assure you that these current insurance policies will insure our wind farms fully against all risks and losses that may arise in the future. In addition, some of these insurance policies are subject to annual review by the insurers, and we cannot assure you that our wind farms will be able to renew these policies on similar or otherwise acceptable terms, if at all. If our wind farms were to incur a serious uninsured loss or a loss that significantly exceeded the limits of the insurance policies, it could have a material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

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 development stages of our wind farms disclosed in this offering memorandum are used for our internal planning purposes and have not been verified or audited by any third party. Our project classification system divides our wind farms into three development stages: projects in operation, projects under construction and pipeline projects. We further divide our pipeline projects into three tiers using objective milestones that we have set based on our development experience. See "Business — Wind Farm Development and Investment Business — Pipeline Projects." No single project classification methodology is generally accepted in the renewable energy industry, and we expect that our project classification methodology differs from that used by other companies in the industry. As such, our project descriptions or our historical or projected operating results may not be comparable with those of such other companies.

Risks Relating to Doing Business in the PRC

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products and materially and adversely affect our competitive position.

Our business is based in the PRC and all of our sales are currently made in the PRC. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including:

- the level of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange; and

- the allocation of resources.

While the PRC economy has grown significantly in the past 30 years, the growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in the PRC is still owned by the PRC government. The continued control of these assets and other aspects of the national economy by the PRC government could materially and adversely affect our business. The PRC government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. We cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on our business, prospects, cash flows, financial condition and results of operations.

A slowdown of the Chinese economy may have a material and adverse effect on our results of operations and financial condition.

All of our revenue is derived from sales in the PRC. We rely on domestic demand for wind power to achieve growth in our revenue. Domestic demand for electric power is materially affected by industrial development, growth of private consumption and overall economic growth in China. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy. Although there are signs of recovery in the global and Chinese economies, there is no assurance that any such recovery is sustainable. In addition, if the crisis in global financial services and credit markets was to persist, there is no certainty as to its impact on the global economy, especially the Chinese economy. As a result of global economic cycles, there is no assurance that the Chinese economy will grow in a sustained or steady manner. Any slowdown or recession of the Chinese economy may have a material and adverse effect on our business, prospects, cash flows, financial condition and results of operations.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

We are incorporated in Bermuda and are subject to laws and regulations applicable to foreign investment in the PRC and, in particular, laws applicable to wholly foreign owned companies. The PRC legal system is based on written statutes. Prior court decisions have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in the PRC. However, since many of these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretation of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. For example, we may have to resort to administrative and court proceedings to enforce the legal protection that we enjoy either by law or contract. However, since PRC administrative authorities and courts have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult than in more developed legal systems to evaluate the outcome of administrative and court proceedings

and the level of legal protection we enjoy. These uncertainties may impede our ability to enforce the contracts we have entered into with our business partners, customers and suppliers. In addition, such uncertainties, including the inability to enforce our contracts, could materially adversely affect our business, prospects, cash flows, financial condition and results of operations. Furthermore, intellectual property rights and confidentiality protections in the PRC may not be as effective as in other countries. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of national laws by local regulations. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

Our China-sourced income is subject to PRC withholding tax under the PRC Enterprise Income Tax Law, and we may be subject to PRC enterprise income tax at the rate of 25% when more detailed rules or precedents are promulgated.

We are a Bermuda holding company with substantially all of our operations conducted through our operating subsidiaries in the PRC. Under the PRC Enterprise Income Tax Law, or the EIT Law, and its implementation regulations, both of which became effective on January 1, 2008, China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent, is generally subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent is incorporated, which specifically exempts or reduces such withholding tax.

The EIT Law also provides that enterprises established outside China whose "de facto management bodies" are located in the PRC are considered "tax resident enterprises" and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation regulations, "de facto management bodies" is defined as those bodies that have, in substance, overall management control over such aspects as the production and business, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation promulgated a circular that sets out procedures and specific criteria for determining whether "de facto management bodies" for overseas incorporated, domestically controlled enterprises are located in the PRC. This circular applies to enterprises incorporated under laws of foreign jurisdictions of which the major controlling shareholder or shareholders are PRC enterprises or groups of PRC enterprises. If such enterprises are determined by the PRC tax authorities to have their "de facto management bodies" in the PRC, they may be deemed as PRC tax resident enterprises. Although a substantial majority of the members of our management team are located in the PRC, it remains unclear whether the PRC tax authorities would require or permit our company to be recognized as a PRC tax resident enterprise. If our company or any our overseas incorporated subsidiaries is considered a PRC tax resident enterprise for PRC enterprise income tax purposes, any dividends distributed from our PRC enterprise to our company or our overseas incorporated subsidiaries could be exempt from the PRC withholding tax; however, our company will be subject to the uniform 25% enterprise income tax rate as to our global income.

PRC regulations of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of this offering to make additional capital contributions or loans to our PRC subsidiaries, jointly controlled entities and associates.

Any capital contributions or loans that our offshore holding companies make to our PRC subsidiaries, jointly controlled entities and associates with foreign investment ("foreign-invested PRC entities"), including from the proceeds of this offering, are subject to PRC regulations. For example,

any of our loans to our foreign-invested PRC entities, including any loans from the proceeds of this offering, cannot exceed the difference between the total amount of investment our foreign-invested PRC entity is approved to make under relevant PRC laws and the respective registered capital of our foreign-invested PRC entities, and must be registered with the local branch of the SAFE as a procedural matter. In addition, our capital contributions to our foreign-invested PRC entities, including capital contributions from the proceeds of this offering, must be approved by NDRC, MOFCOM and SAFE or their local counterparts. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions or provide loans to our foreign-invested PRC entities or to fund their operations may be negatively affected, which could adversely affect their liquidity and ability to fund their working capital and expansion projects and meet their obligations and commitments.

The enforcement of new labor contract law and increase in labor costs in the PRC may adversely affect our business and our profitability.

A new Labor Contract Law came into effect on January 1, 2008 and the Implementation Rules of Labor Contract Law of the PRC were promulgated and became effective on September 18, 2008. The new Labor Contract Law and the Implementation Rules impose more stringent requirements on employers with regard to entering into written employment contracts, hiring temporary employees and dismissing employees. In addition, under the newly promulgated Regulations on Paid Annual Leave for Employees, which came into effect on January 1, 2008, and its Implementation Measures, which were promulgated and became effective on September 18, 2008, employees who have served more than one year for an employer are entitled to a paid vacation ranging from five to 15 days, depending on length of service. Employees who waive such vacation time at the request of employers shall be compensated for three times their normal salaries for each waived vacation day. As a result of the new law and regulations, our labor costs are expected to increase. In addition, certain companies operating in the PRC have experienced labor unrest conditions in 2010. We cannot assure you that these labor strikes will not affect general labor market conditions or result in changes to labor laws in the PRC, which in turn could adversely affect our business and financial condition. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition and results of operations.

Our failure to make statutory social welfare payments to our employees could adversely and materially affect our financial condition and results of operations.

According to the relevant PRC laws and regulations, we are required to pay certain statutory social security benefits for our employees, including medical care, injury insurance, unemployment insurance, maternity insurance, pension benefits and housing fund contributions. Our failure to comply with these requirements may subject us to monetary penalties imposed by the relevant PRC authorities and proceedings initiated by our employees, which could materially and adversely affect our business, financial condition and results of operations.

We face risks relating to health epidemics and other outbreaks.

Our business could be adversely affected by the effects of influenza A (H1N1), avian flu, severe acute respiratory syndrome, or SARS, or other epidemic outbreak. In April 2009, an outbreak of influenza A caused by the H1N1 virus occurred in Mexico and the United States, and spread into a number of countries rapidly. There have also been reports of outbreaks of a highly pathogenic avian flu, caused by the H5N1 virus, in certain regions of Asia and Europe. In past few years, there were reports on the occurrences of avian flu in various parts of China, including a few confirmed human cases. An outbreak of avian flu in the human population could result in a widespread health crisis that

could adversely affect the economies and financial markets of many countries, particularly in Asia. Additionally, any recurrence of SARS, a highly contagious form of atypical pneumonia, similar to the occurrence in 2003 which affected China, Hong Kong, Taiwan, Singapore, Vietnam and certain other countries, would also have similar adverse effects. These outbreaks of contagious diseases and other adverse public health developments in the PRC would have a material adverse effect on our business operations.

Risks Relating to Chinese Yuan-denominated Bonds

There is limited availability of Chinese Yuan outside of China, which may affect the liquidity of the Bonds and the Group's ability to source Chinese Yuan outside of China to service the Bonds.

As a result of the restrictions by the PRC government on cross-border Chinese Yuan fund flows, the availability of Chinese Yuan outside of China is limited. Since February 2004, in accordance with arrangements between the PRC Central Government and the Hong Kong government, licensed banks in Hong Kong may offer limited Chinese Yuan-denominated banking services to specified business customers. The People's Bank of China, or PBOC, the central bank of China, has also established a Chinese Yuan clearing and settlement system for participating banks in Hong Kong. On July 19, 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business, or the Settlement Agreement, between the PBOC and Bank of China (Hong Kong) Limited, or the CNY Clearing Bank, to further expand the scope of Chinese Yuan business for participating banks in Hong Kong. Pursuant to the revised arrangements, (i) all corporations are allowed to open Chinese Yuan accounts in Hong Kong; (ii) there is no longer any limit on the ability of corporations to convert Chinese Yuan; and (iii) there will no longer be any restriction on the transfer of Chinese Yuan funds between different accounts in Hong Kong. However, individual customers continue to be limited in their ability to convert Chinese Yuan to the amount of CNY20,000 per person per day.

The current size of Chinese Yuan-denominated financial assets outside China is limited. As of November 2010, the total amount of Chinese Yuan deposits held by institutions authorized to engage in Chinese Yuan banking business in Hong Kong amounted to approximately RMB279.6 billion. The CNY Clearing Bank only has direct access to onshore Chinese Yuan through the China Foreign Exchange Trading System in Shanghai to square open positions of authorized financial institutions. Pursuant to refinements to the arrangement for conversions of Chinese Yuan conducted by participating authorized financial institutions with their customers for Chinese Yuan cross-border trade settlement transactions promulgated by the HKMA on December 23, 2010, participating authorized financial institutions should first utilize the Chinese Yuan trade proceeds purchased from their customers to satisfy requests for Chinese Yuan conversions for trade settlement transactions before purchasing Chinese Yuan through the CNY Clearing Bank in the China Foreign Exchange Trading System. The HKMA will, as a standing arrangement, provide participating authorized financial institutions with Chinese Yuan funds of RMB20 billion through its currency swap arrangement with the PBOC for cross-border Chinese Yuan trade settlements. However, such institutions do not have direct Chinese Yuan liquidity support from the PBOC. We cannot assure you that existing measures put in place by the PRC government, or changes to those measures, will not adversely affect the amount of Chinese Yuan available outside China, or that such amounts will be sufficient to satisfy liquidity requirements.

Although it is expected that the offshore Chinese Yuan market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. We cannot assure you that new PRC regulations will not be promulgated or that the Settlement Agreement will not be terminated or amended in the future, which could further restrict the

availability of Chinese Yuan outside of China. The limited availability of Chinese Yuan outside of China may affect the liquidity of the Bonds. To the extent we are required to source Chinese Yuan in the offshore market to service the Bonds, we cannot assure you that we will be able to source such Chinese Yuan on satisfactory terms, if at all.

The Chinese Yuan is not freely convertible and there are significant restrictions on remittance of Chinese Yuan into and outside the PRC.

The Chinese Yuan is not freely convertible at present. Despite a significant reduction of control by the PRC government over routine foreign exchange transactions under current accounts, the PRC government continues to regulate conversion between the Chinese Yuan and foreign currencies. Under a pilot scheme introduced in July 2009, participating banks in Hong Kong were permitted to engage in the settlement of Chinese Yuan trade transactions. This pilot scheme was extended in June 2010 to cover twenty provinces and cities in China and to make Chinese Yuan trade and other current account item settlement available in all countries worldwide. Subject to limited exceptions, there is currently no specific PRC regulation on the remittance of Chinese Yuan into China for settlement of capital account items. Foreign investors may only remit offshore Chinese Yuan into China for capital account purposes, such as shareholders' loans or capital contributions, upon obtaining specific approvals from relevant authorities on a case-by-case basis.

We cannot assure you that: (i) the PRC government will further liberalize control over cross-border Chinese Yuan remittances in the future; (ii) the pilot scheme introduced in July 2009 will not be discontinued; or (iii) new PRC regulations will not be promulgated which have the effect of restricting or eliminating the remittance of Chinese Yuan into or outside China.

The investment in the Bonds is subject to exchange rate and interest rate risks.

The value of Chinese Yuan against the Hong Kong dollar and other foreign currencies fluctuates, and is affected by changes in China and international political and economic conditions and by many other factors. All payments of interest and principal with respect to the Bonds will be made in Chinese Yuan. As a result, the value of these Chinese Yuan payments in Hong Kong dollar terms may vary with the prevailing exchange rates in the marketplace. For example, an investor purchasing the Bonds will be required to convert Hong Kong dollars (or other relevant currency) to Chinese Yuan at the then-current exchange rate. If the value of the Chinese Yuan depreciates against the Hong Kong dollar (or other relevant currency) between the date that a Bondholder purchases the Bonds and the maturity date of the Bonds, the value of the Bondholder's investment will decrease accordingly.

In addition, the PRC government has gradually liberalized the regulation of interest rates in recent years. Further liberation may increase interest rate volatility. From April 2006 to December 2007, the PBOC raised the benchmark five-year lending rate seven times from 6.39% to 7.83%. Beginning in September 2008, the PBOC decreased the benchmark five-year lending rate five times from 7.83% to 5.94% in December 2008. As of December 31, 2010, the benchmark five-year lending rate was 6.40%. As of February 9, 2011, the five-year benchmark lending rate was 6.60%. The Bonds will carry a fixed interest rate. Consequently, the trading price of the Bonds will vary with fluctuations in Chinese Yuan interest rates. If a Bondholder attempts to sell the Bonds before the maturity date of the Bonds, he may not receive value equivalent to his original investment.

Payments for the Bonds will only be made to Bondholders in the manner specified in the Bonds.

All payments to Bondholders will be made: (i) with respect to Bonds represented by a global bond, by transfer to a Chinese Yuan bank account maintained in Hong Kong in accordance with

prevailing CMU rules and procedures; or (ii) with respect to Bonds in definitive form, by transfer to a Chinese Yuan bank account maintained in Hong Kong in accordance with prevailing rules and regulations. We are not required to make payment by any other means, including in any other currency or by transfer to a bank account in China.

Risks Relating to the Bonds

Our jointly controlled entities and associates have substantial indebtedness and we, our jointly controlled entities and associates may incur substantial additional indebtedness in the future, which could limit their ability to pay dividends to us and adversely affect our share of their profits and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

Historically, the financing of our wind farms has primarily been arranged or guaranteed by our joint venture partners. Under these financing arrangements, indebtedness is incurred by our jointly controlled entities and associates. As a result, our jointly controlled entities and associates now have, and will continue to have after the offering of the Bonds, a substantial amount of indebtedness. The total borrowings, including both current and non-current borrowings, as of December 31, 2010 of our jointly controlled entities and associates, were HK$4.80 billion. Although the financial condition and results of operations of our jointly controlled entities and associates are not consolidated in our financial statements, we depend on dividends and operating cash flows from the wind power projects owned and operated by our jointly controlled entities and associates, which are treated in our financial statements as our share of the results of the jointly controlled entities and associates, in order to generate sufficient cash to satisfy our outstanding and future debt obligations, including our obligations under the Bonds. Our total borrowings, including both current and non-current borrowings, as of December 31, 2010, was HK$1,049.3 million.

Our indebtedness and the substantial indebtedness of our jointly controlled entities and associates could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under the Bonds and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us, our jointly controlled entities and associates to dedicate a substantial portion of our and their cash flow from operations to servicing and repaying our and their indebtedness, thereby reducing the availability of our and their cash flow to fund working capital and capital expenditures, and reducing our share of the profits of our jointly controlled entities and associates and limiting their ability to pay us dividends;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us, our jointly controlled entities and associates at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. If we or our jointly controlled entities and associates incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon the future operating performance of our subsidiaries, jointly controlled entities and associates, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due. However, we may not generate sufficient cash flow for these purposes. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, the Terms and Conditions of the Bonds prohibit us from incurring additional indebtedness unless: (i) we are able to satisfy certain financial ratios; or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to financial ratios requirements, and meet any other applicable restrictions. Our ability to satisfy the financial ratio tests contained in the Terms and Conditions of the Bonds may be affected by events beyond our control. We cannot assure you that we will be able to satisfy these tests. Certain of our financing arrangements also impose operating and financial restrictions on our business. Such restrictions in the Terms and Conditions of the Bonds, and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in our business. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Bonds and other debt.

Our subsidiaries, jointly controlled entities and associates are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us, our jointly controlled entities and our associates.

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, jointly controlled entities and associates to satisfy our obligations, including our obligations under the Bonds. The ability of our subsidiaries, jointly controlled entities and associates to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. For example, the joint venture agreements or articles of associations of our jointly controlled entities and associates generally require the votes of both joint venture partners to approve dividend distributions. We cannot assure you that our subsidiaries, jointly controlled entities and associates, including those operating our wind farms, will have distributable earnings or will be permitted to distribute their distributable earnings to us as we anticipate, or at all. In addition, dividends payable to us by these companies are limited by the percentage of our equity ownership in these companies, which as of the date of this offering memorandum is mainly in the form of a minority or joint controlling interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to us to make payments on the Bonds. These factors could reduce the payments that we receive from our subsidiaries, jointly controlled entities and associates, which would restrict our ability to meet our payment obligations under the Bonds and the Guarantee.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations, which differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries, jointly controlled entities and associates are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, starting from January 1, 2008, dividends paid by our PRC subsidiaries, jointly controlled entities and associates to their non-PRC parent companies will be subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated which specifically exempts or reduces such withholding tax. Pursuant to a double tax treaty between Hong Kong and the PRC, if a non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in a PRC enterprise, this withholding tax rate may be lowered to 5%. However, according to the Circular of State Administration of Taxation on Printing and the Administrative Measures for Non-Resident Individuals and Enterprises to Enjoy the Treatment Under Taxation Treaties, effective on October 1, 2009, the 5% withholding tax rate does not automatically apply and approvals from the competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant taxation treaties. Moreover, according to a tax circular issued by the State Administration of Taxation in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust a preferential tax rate of an offshore entity to the relevant tax rate that it otherwise would have been eligible for. We cannot assure you that the PRC tax authorities will grant approvals on the 5% withholding tax rate on dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries. As a result of such factors, we or our subsidiaries could face difficulties in making payments required by the Bonds or satisfying obligations under the Guarantee.

Furthermore, in practice, the market interest rate that our PRC subsidiaries, jointly controlled entities and associates may pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates (if any) on shareholders' loans paid by our subsidiaries, jointly controlled entities and associates, therefore, are likely to be lower than the interest rate for the Bonds. Our PRC subsidiaries are also required to pay a 10% (or 7%, if the interest is paid to a Hong Kong resident) withholding tax on the interest paid under any shareholders' loans. PRC regulations require approval by the SAFE before any of our non-PRC subsidiaries may make shareholder loans in foreign currencies to our PRC subsidiaries, jointly controlled entities or associates and require such loans to be registered with the SAFE. Prior to payment of interest or principal on any such shareholder loan, our PRC subsidiaries, jointly controlled entities or associates must present evidence of payment of withholding tax on the interest payable and evidence of registration with the SAFE, as well as any other documents that the SAFE or its local branch may require.

If we are unable to comply with the restrictions and covenants in our debt agreements, or the Trust Deed governing the Bonds, there could be a default under the terms of these agreements, or the Trust Deed governing the Bonds, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Trust Deed governing the Bonds, or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Trust Deed governing the Bonds, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under our other debt agreements,

including the Trust Deed governing the Bonds. If any of these events occur, we cannot assure you that our assets and cash flows would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

The Bonds will be structurally subordinated to subsidiary debt.

Our operations are conducted through our subsidiaries. Accordingly, we have and will be dependent on our subsidiaries' operations to service our indebtedness, including interest and principal on the Bonds. The Bonds will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of our subsidiaries, and to our and our subsidiaries secured creditors. In the event of an insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of any of our subsidiaries, creditors of such subsidiary generally will have the right to be paid in full before any distribution is made to us.

We may not be able to repurchase the Bonds upon the due date for redemption thereof.

We may, and at maturity will, be required to redeem all or, in the case of a Change of Control all or some only, of the Bonds. If such an event were to occur, we may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Our failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of our other indebtedness.

CAPITALIZATION AND INDEBTEDNESS

As of December 31, 2010, we had an authorized share capital of HK$100,000,000 consisting of 10,000,000,000 ordinary shares of HK$0.01 each and an issued and fully paid-up share capital of HK$73,915,000, consisting of 7,391,509,965 ordinary shares of HK$0.01 each.

The following table sets forth the consolidated capitalization and indebtedness of our Company as of December 31, 2010 and adjusted to give effect to the issue of the Bonds taking into account the estimated expenses incurred in connection with the offering of the Bonds, but before the application of the proceeds therefrom. The following table should be read in conjunction with "Summary Financial Data" and the consolidated financial statements and related Bonds thereto included elsewhere in this offering memorandum.

	As of December 31, 2010	
	Actual	**As Adjusted**
	(HK$ in thousands)	
Short-term indebtedness		
Bank borrowings	247,275	247,275
Amounts due to jointly controlled entities	31,690	31,690
Total	278,965	278,965
Long-term indebtedness		
Bank borrowings	802,057	802,057
Bonds to be issued	—	[●]
Total	802,057	[●]
Shareholder's equity		
Share capital	73,915	73,915
Reserves	3,839,580	3,839,580
Attributable to owners of the Company	3,913,495	3,913,495
Total capitalization (1)	4,715,552	[●]

(1) Total capitalization consists of long-term indebtedness and shareholders' equity.

Since December 31, 2010, there has been no material change in the consolidated capitalization of our Company. On January 28, 2011, a subsidiary of our Company obtained a new banking facility of up to US$120 million (approximately RMB816 million) from Asian Development Bank. Our Company has agreed to act as guarantor for this banking facility. However, as of the date of this offering memorandum, our subsidiary has not drawn down any amounts from this banking facility. See "Description of Other Material Indebtedness — Loan Agreements of Our Subsidiaries — ADB Facility."

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

The following is a summary of the material terms and conditions of our material banking facilities and convertible notes. To fund our existing wind power projects and to finance our working capital requirements, our subsidiaries, jointly controlled entities and associates from time to time have entered into loan agreements with various PRC and overseas financial institutions.

Loan Agreements of Our Subsidiaries

ADB Facility

On January 28, 2011, our subsidiaries, Tianjin Century Concord Windpower Investment Ltd. ("Tianjin Xiehe") and Century Concord Wind Power Investment Co., Ltd. ("Century Concord") (individually, an "ADB Borrower" and collectively, the "ADB Borrowers"), entered into a facility agreement with Asian Development Bank ("ADB") for a loan facility of up to US$120 million (approximately RMB816 million) (the "ADB Facility Agreement"). The proceeds will be used for financing wind power projects of these subsidiaries and for general corporate purposes. On the same date, our Company entered into a guarantee agreement to act as guarantor for the ADB Borrowers in connection with the ADB Facility Agreement (the "ADB Guarantee Agreement").

Interest

The principal amounts outstanding under the ADB Facility Agreement generally bear interest at floating rates, and are generally subject to review by ADB.

Interest payments are payable semi-annually for interest on US dollar-denominated loans and quarterly for interest on RMB-denominated loans.

Covenants

Under the ADB Facility Agreement, the ADB Borrowers have each agreed, among other things, not to take the following actions without first obtaining the prior consent of ADB:

- create or permit to subsist any security over any of its shares or assets (including its equity interests in certain companies utilized for wind power projects) other than those liens permitted by the ADB Facility Agreement;

- incur or assume any financial indebtedness other than that which is permitted under the ADB Facility Agreement;

- subordinate, postpone or defer any indebtedness owed or owing to it by any of its subsidiaries, certain companies utilized for wind power projects;

- enter into any agreement for, indebtedness with a person other than ADB containing any cross default or cross acceleration provision that is or may be triggered by the default of, or acceleration in relation to, another entity;

- substantial change is made to the general nature of the approved scope of the business of each ADB Borrower from that carried on at the date of the ADB Facility Agreement;

- make or permit to exist investments in any person, or make or permit to exist deposits with any person, except for in certain subsidiaries or joint venture subsidiaries for wind power projects as defined in the ADB Facility Agreement; or

- any private placement or public offering of any equity interest of the ADB Borrowers.

Restructuring

Pursuant to the ADB Facility Agreement, we agreed to restructure the Group so that CCH Investment Limited would be the primary offshore entity through which interests in our wind farms will be held prior to the initial disbursement under the ADB Facility Agreement.

Maturity

Per the ADB Facility Agreement, the loans are to be repaid in quarterly or semi-annual instalments within a period of two years to 12 years.

Prepayment

Prepayments of the principal amount or interest are generally permitted subject to the ADB Borrowers submitting a written request to the ADB for approval ten business days prior to making the prepayments. Prepayments are subject to a 1.5% prepayment premium within the first six years of the ADB Facility Agreement, and a 0.5% prepayment premium thereafter.

Guarantee and Security

Our Company entered into the ADB Guarantee Agreement to guarantee the payment by the ADB Borrowers of the principal amounts and interest accrued from the ADB loan, as well as to provide certain indemnities.

Under the ADB Guarantee Agreement, we are subject to certain covenants similar to those that apply to the ADB Borrowers. Among other things, we have agreed to:

- maintain a shareholding interest in each ADB Borrower that is sufficient to control the decision-making processes of each ADB Borrower, and maintain a 100% interest in each shareholder of the companies of the ADB Borrowers that operate the wind power projects, subject to certain exceptions;

- not, and to procure the companies operating the wind power projects do not, incur or assume any financial indebtedness, subject to certain exceptions, including indebtedness incurred to finance operations in the ordinary course of business of each ADB Borrower and their project companies;

- not, and not allow members of our Group to, subordinate, postpone or defer any indebtedness owed or owing to it by any member of our Group;

- not create or permit to subsist any security over any of our assets, or sell, transfer or otherwise dispose of any of our assets on terms whereby they are or may be leased to or re-acquired by an ADB Borrower or any other member of our Group; or

- enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising financial indebtedness or of financing the acquisition of an asset.

Pursuant to the ADB Guarantee Agreement, we agreed to procure that CCH Investment Limited, the primary offshore entity through which interests in our wind farms will be held following the restructuring provided for in the ADB Facility Agreement, would not incur any obligation other than being the sole direct shareholder of 100% of the equity interest in Tianjin Xiehe. However, as of March 16, 2011, we had obtained consent and a waiver from ADB to allow CCH Investment Limited to become a Subsidiary Guarantor of the Bonds.

Dividend Restriction

Pursuant to the ADB Facility Agreement, each ADB Borrower shall not declare or pay any dividends or make distributions to its shareholders if a default on its obligations has occurred and is continuing. Restrictions for Tianjin Xiehe include the maintenance of a debt ratio.

The ADB Guarantee Agreement does not subject our Company to any dividend restrictions.

Events of Default

The ADB Facility Agreement contains certain customary events of default, including for insolvency, cross-default and breaches of the terms of the loan agreements, as well as for the substantial or total loss of a wind power project. ADB is entitled to terminate this agreement and/or demand immediate repayment of the loan and any accrued interest upon the occurrence of an event of default.

IFC Facility

On June 30, 2010, Gansu Guazhou Century Concord Wind Power Co., Ltd. ("Guazhou Wind") entered into a loan agreement in connection with a US$140 million loan facility with the International Finance Corporation ("IFC") (the "IFC Facility Agreement"). Our Company entered into a limited guarantee with IFC on July 2, 2010 (the "IFC Guarantee Agreement") to act as a guarantor of the IFC Facility Agreement. Guazhou Wind and IFC entered into a supplemental deed on November 3, 2010. The proceeds of the IFC facility will be used to finance the construction of the Guazhou wind farm and related facilities, and for general corporate purposes.

Interest

The principal amounts outstanding under the IFC Facility Agreement generally bear interest at fixed and floating rates.

Principal and interest payments are payable in semi-annual instalments, and must be made on each payment date as provided in the IFC Facility Agreement.

Covenants

Under the IFC Facility Agreement, Guazhou Wind has agreed, among other things, not to take the following actions without first obtaining the consent of IFC:

- incur, assume or permit to exist financial debt excluding certain permitted loans and debt;

- subject to certain exceptions, create or permit to exist any lien on any property, revenues or other assets;

- prepay certain long-term debt unless certain repayment conditions for an equivalent amount of debt from the IFC loan is contemporaneously repaid;

- change the scope or nature of the operations of the Guazhou wind farm; or

- undertake certain corporate actions such as changing its financial year.

Maturity

The loans under the IFC Facility Agreement are to be repaid in semi-annual instalments within a period of two years to 12 years.

Prepayments

Prepayments of the principal amount or interest are permitted subject to Guazhou Wind giving a written request to IFC for its approval 30 business days prior to making the prepayments. In addition, all required interest payments and costs associated with the amount to be prepaid have been made, and all necessary authorizations have been obtained. Depending on the reason for prepayment, a prepayment premium ranging from 0.25% to 2.0% of the prepayment amount is required. Partial prepayments must be no less than US$10 million.

Guarantee and Security

Guazhou Wind and Century Concord Wind Power Investment Co., Ltd., ("Century Wind") have provided certain collateral for the IFC Facility Agreement loans, which include:

- a pledge on 51.0% of Century Wind's equity interest in Guazhou Wind;

- a mortgage over the real property and assets of Guazhou Wind; and

- a pledge over the receivables of Guazhou Wind.

Pursuant to the IFC Guarantee Agreement, we have agreed to guarantee the payment of principal amounts and interest accrued from the IFC loans, as well to provide certain indemnities to IFC. As collateral, we provided IFC with a pledge on 49.0% of our Company's equity interest in Guazhou Wind. In addition, we are also subject to certain general covenants that are similar to those that Guazhou Wind are subject to. We have agreed, among other things, not to change the nature or scope of the Guazhou wind farm and to take certain corporate actions, such as changing our financial year, without first obtaining the prior written consent of IFC.

Dividend Restriction

Pursuant to the IFC Facility Agreement, Guazhou Wind shall not declare or pay any dividends or make distributions to its shareholders unless certain conditions with respect to time, financial and debt ratios and funding source of the dividends are met.

The IFC Guarantee Agreement does not subject our Company to any dividend restrictions.

Events of Default

The IFC Facility Agreement contains certain customary events of default, including for insolvency, cross-default and breaches of the terms of the loan agreements, as well as for the substantial or total loss of a wind power project. IFC is entitled to terminate this agreement and/or demand immediate repayment of the loan, any accrued interest and all relevant costs associated with the loans upon the occurrence of an event of default.

Other Credit Facilities

Certain of our subsidiaries have arranged for credit facilities with Hang Seng Bank, Agricultural Bank of China and China Merchants Bank with respect to our working capital requirements. In total, RMB260 million was available for drawdown and as of December 31, 2010, and RMB58.6 million had not yet been utilized. We have provided guarantees with respect to these credit facilities.

Project Loan Agreements of Our Jointly Controlled Entities and Associates

Our jointly controlled entities and associates have entered into loan agreements with various PRC banks, primarily Agricultural Bank of China, Bank of China, China Construction Bank, China Development Bank and Industrial and Commercial Bank of China. These loans typically are project loans to finance the construction of the wind farms in which we hold a minority interest or jointly control (the "Project Loans"). The Project Loans have terms ranging from one year to 15 years. As of December 31, 2010, the aggregate outstanding amount under these Project Loans totaled approximately RMB4.09 billion. Our Project Loans are typically guaranteed by our PRC joint venture partners. In addition, we may also provide a counter indemnity to our joint venture partners for the guarantees they provide to the lending bank for Project Loans.

Interest

The principal amounts outstanding under the Project Loans generally bear interest at floating rates calculated by reference to the relevant bank's benchmark interest rate per annum. Floating interest rates generally are subject to review by the banks annually. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these Project Loans, the borrowers have agreed, among other things, not to take the following actions without first obtaining the prior consent of the lenders:

- provide any third party guarantee with assets formed with the proceeds of the loans;
- grant guarantees to any third parties that may adversely affect their ability to repay their respective loans;
- make material changes to the construction plans or project budgets during the project period;
- materially increase their respective debt financing;

- make any major changes to their respective corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations, reducing registered share capital, transferring certain key assets, making material external investment, issuing bonds, or changing their respective status, including by liquidation and dissolution;

- alter the nature or scope of their business operations in any material respect; or

- incur any other circumstances that may adversely affect the performance of contracts or creditors' rights.

Maturity

Maturity of the borrowings varies in that some loans mature in one year's time after the borrowing, while most of the loans are repaid by installment in three years to 15 years.

Prepayment

Prepayments are generally permitted subject to borrowers giving prior written request to the lenders for approval. Pursuant to the various Project Loans, the borrowers have to give the written request three business days to 30 business days prior to making the prepayments.

Events of Default

The Project Loans contain certain customary events of default, including for insolvency and breaches of the terms of the loan agreements, as well as for the violation of any environmental laws or regulations. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Dividend Restriction

Pursuant to the Project Loans with Agricultural Bank of China, Industrial and Commercial Bank, Bank of China, five of our PRC jointly controlled entities, namely Fuxin Qianfoshan Wind Power Co., Ltd., Jilin CWP-Milestone Wind Power Co., Ltd., Jilin Taihe Wind Power Co., Ltd., Tongliao Taihe Wind Power Co. Ltd. and Mengdong Century Concord Kezuohouqi Wind Power Co., Ltd., also agreed not to distribute any dividends or limit their distribution of dividends if:

- there is any amount outstanding but not due and payable in respect of any calendar year;

- their after-tax net income in a given year is zero or negative;

- their after-tax net income is not sufficient to offset the cumulative losses from the past year; or

- their pre-tax income has not been used to pay the principal, interest and expenses due in that year, or their pre-tax income is not sufficient to pay the principal, interest and expenses due in the next payment period.

Guarantee and Security

The lending banks for the majority of the Project Loans generally require our joint venture partners to enter into guarantee agreements in connection with the Project Loans. Pursuant to the guarantee agreements, our joint venture partners generally guarantee all liabilities of the borrowers under the respective Project Loans for the term of the Project Loans plus two years.

Under the guarantee agreements for the Project Loans of Fuxin Century Concord-Shenhua Wind Power Co., Ltd., Fuxin Union Wind Power Co., Ltd. and Fuxin Huashun Wind Power Co., Ltd., the guarantees provided by the joint venture partners may be replaced by security over the land, buildings and equipment of the joint venture companies after the relevant wind farm has commenced operations for a minimum of one year and a certain production scale is attained.

Currently, three of our joint venture partners, namely, Liaoning Energy Investment (Group) Co., Ltd. ("Liaoning Energy"), Shanghai Shenhua Holdings Co., Ltd. ("Shanghai Shenhua") and Inner Mongolia Xilinguole Baiyinhua Coal and Electricity Co., Ltd. ("Inner Mongolia Baiyinhua"), which is a subsidiary of China Power Investment Corporation, have outstanding guarantees for the Project Loans of their respective joint venture companies.

We have also provided counter indemnities to some of our joint venture partners by pledging the shares we hold in the relevant joint venture companies for the same term as their guarantee liabilities. See also "— Counter Indemnification."

Counter Indemnification

Pursuant to our joint venture agreements or joint venture framework agreements, we agree to provide counter indemnities to certain joint venture partners in respect of any claim made against them under guarantees they have provided pursuant to the Project Loans. We have agreed to provide these counter indemnities by pledging the shares we hold in the relevant joint venture company.

As a result, we have entered into share pledge agreements with certain of our joint venture partners pledging an amount up to our equity interest in the relevant joint venture company for a period commensurate with the term of their guarantees for the Project Loans. The following table sets forth information relating to such share pledges provided by our subsidiaries outstanding as of December 31, 2010.

Pledgor	Pledgee	Pledged Company	Equity Pledge	Relevant Amount of Loan
Century Concord Wind Power Investment Co., Ltd.	Liaoning Energy	Fuxin Julonghu Wind Power Co., Ltd.	60% of the equity interest in the pledged company	RMB360,000,000
CWP Investment Ltd.	Inner Mongolia Baiyinhua	Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd.	49% of the equity interest in the pledged company	RMB130,000,000
Century Concord Wind Power Investment Co., Ltd.	Liaoning Energy	Fuxin Juhe Wind Power Co., Ltd.	60% of the equity interest in the pledged company	RMB300,000,000
Century Concord Wind Power Investment Co., Ltd.	Liaoning Energy	Fuxin Qianfoshan Wind Power Co., Ltd.	60% of the equity interest in the pledged company	RMB300,000,000

Pledgor	Pledgee	Pledged Company	Equity Pledge	Relevant Amount of Loan
Century Concord Wind Power Investment Co., Ltd.	Liaoning Energy	Fuxin Juyuan Wind Power Co., Ltd.	60% of the equity interest in the pledged company	RMB340,000,000
Century Concord Wind Power Investment Co., Ltd.	IFC	Gansu Guazhou Century Concord Wind Power Co., Ltd	51% of the equity interest in the pledged company	US$140,000,000
CWP Holdings Ltd.	IFC	Gansu Guazhou Century Concord Wind Power Co., Ltd	49% of the equity interest in the pledged company	US$140,000,000
CWP Taipusiqi Wind Power Limited	Shanghai Shenhua	Taipusiqi Century Concord-Shenhua Wind Power Investment Limited	49% of the equity interest in the pledged company	RMB260,000,000
CWP Development Limited	Shanghai Shenhua	Fuxin Union Wind Power Co., Ltd.	24.5% of the equity interest in the pledged company	RMB310,000,000
CWP Development Limited	Shanghai Shenhua	Fuxin Century Concord-Shenhua Wind Power Co., Ltd.	24.5% of the equity interest in the pledged company	RMB315,000,000
CWP Energy Investment Limited	Shanghai Shenhua	Fuxin Huashun Wind Power Co., Ltd.	49% of the equity interest in the pledged company	RMB100,000,000
Century Concord Wind Power Investment Co., Ltd.	Shanghai Shenhua	Fuxin Huashun Wind Power Co., Ltd.	1% of the equity interest in the pledged company	RMB200,000,000

In addition, as of December 31, 2010, our joint venture partners for Fuxin Century Concord-Shenhua Wind Power Co., Ltd., Fuxin Union Wind Power Co., Ltd., Fuxin Huashun Wind Power Co., Ltd., Fuxin Qianfoshan Wind Power Co., Ltd., and Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. have provided guarantees for the Project Loans borrowed by these joint venture companies. According to the relevant joint venture agreements or the framework agreement, we are obligated to pledge our shares we hold in the respective joint venture companies as a counter indemnity. However, our joint venture partners had not yet requested that we enter into share pledge agreements in respect of these joint ventures companies.

USE OF PROCEEDS

The net proceeds from the offering of the Bonds will be approximately CNY[●] after deducting underwriting fees but before the deduction of expenses payable by us.

We intend to use the net proceeds from this offering for general corporate purposes, to fund our working capital and to fund additional wind farm investment and development.

Certain information and statistics set out in this section have been extracted from various government publications, market data providers and other independent third party sources. We believe that the sources of this information are appropriate for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information has not been independently verified by us, the Sole Lead Manager or any other party involved in this offering and no representation is given as to its accuracy. Accordingly, such information should not be unduly relied upon.

Overview of the PRC Economy

The PRC has experienced a sustained period of significant economic growth since economic reforms started in the late 1970s, and is now one of the largest and fastest growing economies in the world. Between 2001 and 2010, the PRC's real GDP grew at a CAGR of 10.3%, while its nominal GDP increased from approximately RMB10,965 billion in 2001 to approximately RMB39,798 billion in 2010. Economic growth continued at a strong rate in 2010 due to the expansionary fiscal policies implemented by the PRC government, as well as with the recovery of the global economy, with the PRC government estimating an economic growth rate of approximately 10.3% in 2010 according to the government report issued by the China National Bureau of Statistics on January 20, 2011.

As one of the key industries supporting China's economic development, the growth of the power generation industry is a strong indicator of the economy as a whole. Since 2001, electricity generation in the PRC has grown at a rate higher than the PRC's GDP in most years. This fast growth of electricity generation since 2001 has largely been driven by rapid industrialization, accelerating fixed assets investment and also by rising residential electricity demand as per capita income increased.

Year	Real GDP Growth Rate Over Preceding Year	Electricity Generation Growth Rate Over Preceding Year
	(%)	(%)
2001	8.3	9.0
2002	9.1	11.7
2003	10.0	15.5
2004	10.1	14.5
2005	10.4	12.3
2006	11.6	13.4
2007	13.0	14.4
2008	9.0	5.6
2009	9.2	6.3
2010	10.3[(1)]	13.3

Source: China National Bureau of Statistics. Real GDP growth rate over preceding year are directly sourced from the relevant sources where available, otherwise growth rate is calculated. Electricity generation growth rate over preceding year are directly sourced from the relevant source.

(1) Preliminary estimated growth rate according to the government report issued by China National Bureau of Statistics on January 20, 2010

However, as shown in the table below, while the economic growth rate in the PRC is among the highest of that of the countries and regions presented, the PRC has the lowest per capita electricity generation among the countries and regions presented.

Country	2009 Per Capita Electricity Generation	Real GDP Growth Rate					
		2004	2005	2006	2007	2008	2009
	(kWh)	(%)	(%)	(%)	(%)	(%)	(%)
United States	13,534	3.6	3.1	2.7	1.9	0.0	(2.6)
South Korea	9,339	4.6	4.0	5.2	5.1	2.3	0.2
Singapore	8,880	9.2	7.4	8.6	8.5	1.8	(1.3)
Japan	8,747	2.7	1.9	2.0	2.4	(1.2)	(5.2)
Hong Kong	5,457	8.5	7.1	7.0	6.4	2.2	(2.8)
China	2,805	10.1	10.4	11.6	13.0	9.0	9.2

Sources: China National Bureau of Statistics; BP Statistical Review of World Energy June 2010; International Monetary Fund, World Economic Outlook Database, October 2010.

The PRC Electricity Generation Industry

Background and Restructuring of the PRC Power Industry

Since 1997, the PRC power industry has experienced significant restructuring, initiated by the government's desire to separate governmental functions from enterprises. In January 1997, the State Power Corporation 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 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. In March 1998, the SETC was established to assume the governmental and administrative functions in relation to the power industry. The Electric Power Bureau was established within the SETC and given the responsibility of promoting policy reforms and regulations, formulating development strategies, specifying technical requirements and industry practice and supervising the operation of the power industry.

In December 2002, the PRC power industry underwent further restructuring, with the reforms being centered on the following areas:

- The State Power Corporation was reorganized into two independent power grid companies, the State Grid Corporation of China ("State Grid") and the China Southern Power Grid Company ("Southern Grid"), and five large independent power generation groups, China Huaneng Group, China Datang Corporation, China Guodian Corporation, China Huadian Corporation and China Power Investment Corporation.

- A new industry regulator, the SERC, was established with its main responsibilities including ensuring fair competition in the electric power industry, monitoring the quality and standard of power plant production, administering electric power business permits and handling electric power market disputes.

In March 2003, following the resolutions passed by the Tenth National People's Congress, the State Development and Planning Commission and the Power Generation Bureau under the SETC were merged into the newly formed NDRC. Together, the NDRC and the SERC assumed full authority to regulate the power industry.

Supply and Demand for Electricity in the PRC

Electricity generation as well as installed electricity generation capacity in the PRC has grown rapidly in recent years. From 2001 to 2010, electricity generation in the PRC grew at a CAGR of approximately 12.1% and installed capacity grew at a CAGR of approximately 12.3%, faster than the PRC's real GDP CAGR of approximately 10.3% over the same period. As of 2010, the PRC had total installed capacity of approximately 962 GW and total electricity generation of approximately 4,141 TWh.

Year	Total Installed Capacity	Total Electricity Generation
	(GW)	(TWh)
2001	338.6	1,478.0
2002	356.6	1,654.0
2003	391.4	1,910.8
2004	442.4	2,187.0
2005	517.2	2,474.7
2006	623.7	2,834.4
2007	713.3	3,277.7
2008	792.5	3,466.9
2009	874.1	3,715.7
2010	961.9	4,141.3

Sources: China National Bureau of Statistics; China Electricity Council; China Power Yearbook 2005.

In terms of power demand, the PRC's electricity consumption grew from 2001 to 2010, with the electricity consumption growth rate returning to historical levels in 2010, at approximately 16%, following the global financial crisis during which growth rates had declined to approximately 6%.

Year	Total Electricity Consumption	Electricity Consumption Growth Rate Over Preceding Year
	(TWh)	(%)
2001	1,463.4	8.6
2002	1,633.2	11.6
2003	1,903.2	16.5
2004	2,197.1	15.5
2005	2,494.0	13.5
2006	2,824.8	14.0
2007	3,245.8	14.4
2008	3,456.8	5.2
2009	3,643.0	6.0
2010	4,192.3	15.8

Sources: 2001-2005 total electricity consumption figures are taken from the China National Bureau of Statistics and 2006-2009 total electricity consumption figures are taken from China Electricity Council. Electricity consumption growth rate over preceding year are directly sourced from the relevant sources where available, otherwise growth rate is calculated.

Composition of and Future Plans for the PRC Power Industry

With the PRC's abundant coal resources but relatively limited oil and gas resources, coal electricity generation units have accounted for the majority of the electricity generation installed capacity in the PRC. The following table sets forth total installed electricity generation capacity in the PRC by fuel type as of December 31, 2009 and December 31, 2010.

Fuel Type	As of December 31, 2009 Installed Capacity by Fuel Type	As of December 31, 2010 Installed Capacity by Fuel Type
	(%)	(%)
Coal	74.6	73.5
Hydro	22.5	22.1
Wind	1.9	3.2
Nuclear	1.0	1.1
Total	100.0	100.0

Source: China Electricity Council.

The large installed base of coal-fired capacity has raised environmental concerns, prompting the PRC government to address this structural issue. The PRC is dedicated to reducing emissions and conserving energy. In accordance with this goal, in the outline of the Eleventh Five Year Plan published in 2005, the PRC government suggested a number of energy conservation and environmental protection policies and national targets including reduction of energy consumption per unit of GDP by 20% and significant expansion of highly efficient energy sources, including wind, hydroelectric, natural gas, nuclear, other renewable sources and cogeneration. Furthermore, on November 25 2009,

the Chinese State Council announced at its executive meeting that China would commit to reducing carbon dioxide emission per unit of GDP by 40% to 45% compared with its 2005 level by 2020. It was also decided that renewable energy and nuclear power would play a major role in achieving energy efficiency goals.

In addition to the policies in the Eleventh Five Year Plan, to ensure the rapid and successful development of the renewable energy industry, the PRC government issued a number of laws and regulations, including the Renewable Energy Act and the Medium and Long-term Development Plan for Renewable Energy, which introduced favorable national policies and targets for the PRC renewable energy industry. Meanwhile, according to the latest available public information in relation to the "New Energy Industry Promotion Plan", by 2020, renewable energy generation sources are expected to account for 15% of total installed power generation capacity, with 150 GW of installed wind capacity, 20 GW of installed solar capacity and 86 GW of installed nuclear capacity targeted by the end of the same period. For additional information relating to the relevant PRC regulations, see "Regulation".

As of the date of this offering memorandum, the PRC government has approved the Twelfth Five Year Plan. Pending the implementation regulations, the Twelfth Five Year Plan is expected to, among other things, foster domestic growth and consumption, while enhancing environmental protection measures. As such, certain newly-promulgated policies of the Twelfth Five Year Plan may have a significant effect on the PRC renewable energy industry.

Transmission and Dispatch

The majority of the electricity transmission and dispatch system in the PRC consists of the State Grid and the Southern Grid. The State Grid owns and manages five regional power grid companies, namely, northeast China, north China, east China, central China and northwest China power grids, which in turn own and operate interprovincial high voltage power transmission grids and local power distribution networks in 24 provinces (regions). The State Grid also manages the Tibet Power Grid. Southern Grid owns and manages interprovincial high voltage power transmission grids and local power distribution networks in Guangdong, Guizhou, Yunnan and Hainan Provinces, and Guangxi Zhuang Autonomous Region.

The PRC's energy sources, particularly coal and hydroelectric resources as well as wind and solar resources, are principally located in the northern, central and south western inland provinces, but the provinces with the highest electricity consumption are located in the eastern and southern coastal areas of the PRC. The PRC plans to expand the interconnected power grids to enable the transmission of electricity generated in the northern, central and south western inland provinces over long distances to areas of high consumption. Investment in power infrastructure development in the PRC has grown significantly in recent years, with investment in power grid development accounting for an increasing proportion of total power infrastructure investment with each passing year. Investments in the transmission grid reached approximately RMB390 billion in 2009, increasing approximately 35% from 2008 accounting for approximately 51% of investment in power infrastructure construction, which surpassed the investment in power plant construction for the first time since 2000.

According to the Eleventh Five Year Plan, the total investment in power grid construction, expansion and upgrades will be over RMB1,000 billion. According to the State Grid's Eleventh Five-Year Development Plan, it will invest approximately RMB850 billion in grid construction. In particular, in inter-regional grid construction, UHVAC (Ultra High Voltage AC) transmission lines are expected to reach 4,200 kilometers by 2010, substation capacity is expected to reach reach 39 million kVA, and inter-regional transmission capacity is expected to reach 70 GW. In grid construction at county level, 220 kV+ AC and DC transmission lines are expected to reach over 340,000 kilometers, and AC substation capacity will reach over 1.3 billion kVA.

During the Eleventh Five-Year Plan, the Southern Grid plans to invest RMB234 billion in grid construction. The West-East electricity transmission project targets to increase electricity transmission capacity to Guangdong Province by 11.30 to 13.50 GW. Therefore, the Southern Grid targets to construct 15,600 kilometers of 500 kV AC transmission lines with transmission capacity of 61.57 MM kVA, 1,225 kilometers of ±500 kV DC transmission lines with converter capacity of 6 GV, and 1,438 kilometers of ±800 kV DC transmission lines with converter capacity of 10 GW.

The Renewable Power Generation Industry

Renewable power generation technologies include, among others, wind, solar (thermal and photovoltaic), mini-hydro, biomass, wave and tidal. According to World Energy Outlook 2010, a report issued by the International Energy Agency (IEA), global renewable energy accounted for 19% of the world electricity generation in 2008, and is forecasted to reach 32% in 2035. The principal factors which contribute to increased demand for renewable energy include:

- concern over the security of energy supply in developed countries;
- increased worldwide environmental awareness and concern for environmental sustainability; and
- renewable energy technologies becoming more economically efficient.

Global Wind Power Industry

Wind power is the fastest growing renewable energy technology globally due to favorable regulation, its cost efficiency, resource availability and the maturity of the technology. According to the Global Wind Energy Council, global wind power installed capacity grew at a CAGR of 26.2% from 2001 through 2010, bringing cumulative installed capacity to 194,390 MW as of December 31, 2010. In spite of the continued challenging economic conditions in the United States and Europe, historically key markets for wind power, 35,802 MW of additional global wind power capacity was installed in 2010 (an increase in cumulative installed capacity of 22% as compared with cumulative installed capacity of 2009). The strongest growth took place in China, which added 16,500 MW of wind capacity, followed by the United States which added 5,115 MW of wind capacity. In the United States, the growth was primarily a result of the stimulus package launched by the government in February 2009. In China, the growth was a continuation of the strong expansion of manufacturing capacity already apparent in 2008. China once again set an annual growth record for a single country in 2010, having done so in 2009 as well, and retained its position as the world leader in terms of newly installed capacity in 2010, as well as becoming the largest wind market globally at the end of 2010.

BTM expects that global wind power installed capacity will increase at a CAGR of 22.8% between 2009 and 2014, reaching 447,689 MW in 2014. The following table sets forth BTM's global and regional wind power capacity growth in 2009 and expectations for 2010 through 2014.

Forecast for Wind Power Development 2009-2014

Year End Wind Power Installed Capacity (MW) Region	**2009**	**2010E**	**2011E**	**2012E**	**2013E**	**2014E**	**09-14E CAGR**
Europe	76,553	89,858	105,858	123,883	144,383	165,633	16.7%
Americas	40,351	50,351	62,951	81,351	100,251	122,351	24.8%
PRC	25,853	39,853	54,853	70,353	86,853	104,853	32.3%
South & East Asia	11,294	13,994	16,844	20,944	25,744	30,844	22.2%
OECD-Pacific(1)	4,873	6,073	7,573	9,423	11,773	14,223	23.9%
Other Areas	1,161	1,986	3,086	4,686	7,036	9,786	53.2%
Total	**160,084**	**202,114**	**251,164**	**310,639**	**376,039**	**447,689**	**22.8%**

Source: International Wind Energy Development, March 2010 (BTM).

(1) Organization for Economic Co-operation and Development in Pacific region, includes Australia, New Zealand and Japan.

According to BTM, the Americas as well as South and East Asia will grow at a faster rate from 2009 to 2014 relative to Europe over the same period, with a CAGR of 24.8% and 22.2% respectively compared to 16.7%. According to BTM, in terms of individual countries China and the United States will be the main drivers of the growth in cumulative installed capacity, with a CAGR of 32.3% and 23.3% respectively from 2009 to 2014. According to BTM, China's cumulative installed capacity will increase to 104,853 MW by 2014, accounting for 23% of the global cumulative wind power installed capacity and becoming the largest country in terms of cumulative wind power installed capacity.

China

China's wind installed capacity has grown significantly over the last few years, with wind power installed capacity far exceeding that of non-hydro renewable energy installed capacity. Newly installed wind capacity in the PRC during 2010 reached 16,500 MW, increasing the cumulative capacity to 42,287 MW, making China the largest wind market globally and accounting for 3.2% of the PRC's total installed generation capacity. This has exceeded the PRC government's original short-term target for wind power installed capacity of 5 GW by 2010 and is close to the NDRC's original 2020 targeted wind power installed capacity of 30 GW set in August 2007.

China has abundant wind energy resources with significant development potential, with a land mass of 9.56 million square kilometers and 32,000 kilometers of coastline (including islands). According to the second general measurement of wind resources conducted by the PRC government at a height of ten meters in the late 1980s, the technically exploitable wind resources on land and offshore were 253 GW and 750 GW, respectively. Taking into account the increased height of modern wind turbines, this potential is expected to be much greater. At a hub height of 50 meters, China's wind resources could reach 3,000 GW, according to a forecast by the United Nations Environment Program.

The PRC government believes the areas with high potential for wind power development in the PRC are Northern China and the South-Eastern coastal areas. In addition, certain parts of inland China influenced by lakes or other special topographic conditions also have abundant wind energy resources. In Northern China, the most abundant wind resources include the provinces or regions of Inner Mongolia, Jilin, Liaoning, Heilongjiang, Gansu, Ningxia, Xinjiang and Hebei. The most abundant wind resources along the coastal areas and offshore are found in Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, Guangxi and Hainan. The following table sets forth the 2008 China Wind Power Report's estimate of China's wind resources in selected provinces.

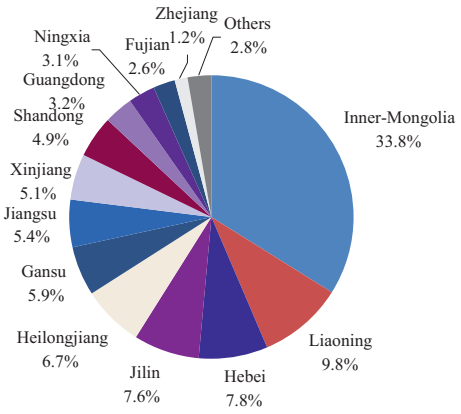
China's Wind Resources in Selected Provinces

Province or Region	**Technically Exploitable Wind Resources**
	(GW)
Inner Mongolia	Approximately 150
Xinjiang	More than 100
Gansu	More than 100
Hebei	More than 40
Jiangsu	More than 10
Jilin	More than 10

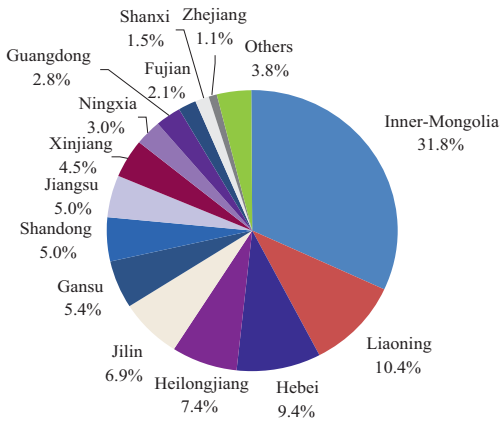
Source: China Wind Power Report, 2008

The uneven distribution of wind resources in the PRC has influenced the provinces in which wind power capacity will be installed. Although the coastal and offshore areas have abundant wind resources, wind power production capacity has so far been located mainly in Northern China. As shown in the table below, the provinces and regions of Inner Mongolia, Liaoning, Jilin, Heilongjiang and Hebei are the most developed areas. The following charts illustrate China's cumulative on-grid installed wind power capacity by province as a percentage of the total nationwide installed capacity as of December 31, 2009 and June 30, 2010.

Wind power generating installed capacity in China by province as of 31 December 2009



Wind power generating installed capacity in China by province as of 30 June 2010



Source: China Electricity Council.

According to GWEC, China accounted for approximately 22% of the global cumulative installed capacity of 194,390 MW at the end of 2009 and was ranked the largest country in terms of cumulative installed capacity at the end of 2010. BTM estimates that by the end of 2014, China's cumulative installed capacity will increase to 104,853 MW, accounting for approximately 23% of the global cumulative installed capacity at that time. Whilst BTM forecasts expect China to surpass the United States in terms of cumulative installed capacity by 2011 and become the largest wind power market globally in terms of both cumulative and annual installed capacity, this already has occurred in 2010 according to figures released by GWEC. BTM also expects that China will have the highest wind power installed capacity CAGR from 2009 to 2014 among the top 10 countries in terms of cumulative installed capacity at the end of 2009, including the United States, China, Germany, Spain, India, Italy, France, UK, Portugal, and Denmark (in descending order of their installed capacity). The following table sets forth the estimated cumulative installed capacity during the period from 2009 to 2014, listed by country.

	2009-2014 Year End Cumulative Installed Capacity (MW)						2009-2014 Expected Installed Capacity Addition	2009-2014 Expected Installed Capacity CAGR
Country	**2009**	**2010E**	**2011E**	**2012E**	**2013E**	**2014E**	**(MW)**	**(%)**
China	25,853	39,853	54,853	70,353	86,853	104,853	79,000	32.3%
U.S.	35,159	43,159	53,159	68,159	83,159	100,159	65,000	23.3%
India	10,827	13,327	15,827	19,327	23,327	27,327	16,500	20.3%
Spain	18,784	20,784	23,284	25,284	27,784	29,784	11,000	9.7%
Germany	25,813	27,813	30,213	32,713	35,713	39,213	13,400	8.7%

Source: International Wind Energy Development, March 2010 (BTM).

Major Wind Farms Operators in the PRC

The following table shows the major wind farms operators in the PRC and their corresponding market share in terms of the cumulative installed wind power capacity in 2009.

Company	2009 Cumulative Installed Capacity	Percentage of China Wind Power Capacity
	(MW)	(%)
China Longyuan Power Group Corporation Limited	4,504	17.4%
China Datang Corporation Renewable Power Co.	2,620	10.1%
China Huaneng New Energy Group	1,550	6.0%
Beijing Energy Investment Co	1,390	5.4%
Shenhua Guohua Energy Investment Co.	1,160	4.5%
China Power Investment Corporation	885	3.4%
China Guangdong Nuclear Power Holding Co., Ltd.	702	2.7%
China Huadian Corporation	651	2.5%
China WindPower	566	2.2%

Source: Public filings with the Hong Kong Stock Exchange and internal records of the Company.

Leading Wind Turbine Manufacturers in the PRC

In terms of industrialization of the domestic wind power industry, China currently has a large number of wind power equipment manufacturers with products either in operation or under testing. For example, there are currently more than 70 local turbine manufacturers. This rapid growth in the manufacturing industry is due to the PRC government encouraging the building of a domestic supply chain for the manufacture of wind power equipment. The PRC government plans to have the vast majority of wind power equipment used in wind farms in the PRC made by domestic suppliers by 2010 and to encourage the development of large-scale wind farms. The following table shows the major wind turbine manufacturers in the PRC and their corresponding market share in terms of newly installed capacity in 2009 in the PRC.

Company	Market share as % of 2009 Newly Installed Capacity
Sinovel	25.0%
Goldwind	19.5%
Dongfang Electric	17.7%
United Power	5.5%
Vestas	4.2%
Mingyang	4.1%
HARA XEMC	3.2%
Gamesa	2.9%

Source: International Wind Energy Development, March 2010 (BTM).

Leading Tower Manufacturers in the PRC

China currently has a significant but highly-fragmented wind turbine tower manufacturing industry, with over 100 domestic manufacturers. The following table shows the major tower tube manufacturers in the PRC and their corresponding annual production capacity in 2009 in terms of number of tower tubes.

Company	2009 Tower Tube Production Capacity
Taisheng Power Engineering	1,200
Wuxiao Windpower Equipment	1,000
Gansu Keyao	1,000
Jainsu Guoshen Windpower	800
Shandong Zhongkai	800
Titan Group	750
Pingcheng Steel Structure	500
Dajin Steel Structure	500
CSSC Chengxi Shipyard	500
Beifang Changyue Steel Structure	450
China WindPower	300

Source: Supply Chain Assessment 2010-2013, January 2010 (BTM); information on China WindPower is from internal records of the Company.

The list of the domestic manufacturers provides in the table above is not exhaustive, and include group capacities where applicable.

Overview of Policies and Incentives for the PRC Wind Power Industry

National Policy

In 2007, the Medium and Long-Term Development Plan for Renewable Energy ("Development Plan") was released, which sets out national targets for renewable energy up to 2020, with renewable energy sources accounting for 10% of total primary energy consumption by 2010 and 15% by 2020. For wind energy in particular, the Development Plan also set a target for wind power installed capacity to reach 30 GW in 2020. However, because of the recent and forecasted high growth rate in the wind power market, the wind power installed capacity is projected to reach over 100 GW in 2014, exceeding the original target set for 2020 by 70 GW (based on BTM report, 2010).

In August 2009, the NDRC formally announced the "New Energy Industry Promotion Plan" ("Promotion Plan"), although it has yet to be officially issued. According to the draft of the Promotion Plan, the PRC plans to invest RMB5 trillion in new energy infrastructure development (industries include nuclear, wind solar and biomass) by 2020, upgrading traditional energy infrastructure and industrializing the clean coal, smart grid and electric car industries. In terms of targets, according to the Promotion Plan, by 2020, renewable energy generation sources are expected to account for 15% of total installed power generation capacity, with 150 GW of installed wind capacity targeted by the end of the same period.

In addition, the Development Plan also includes a "mandated market share" policy, which sets targets for electricity generated from non-hydro renewable sources at 1% and 3% of total electricity generated by 2010 and 2020, respectively. Further, the installed capacity of non-hydro renewable energy capacity owned by power generating groups with over 5,000 MW of cumulative installed capacity is targeted to increase to 3% and 8% of total installed generation capacity by 2010 and 2020, respectively. Given that electricity generated from solar and biomass is likely to be modest given its current rate of development, achievement of these aggressive targets will likely rely heavily on the most mature non-hydro renewable energy source - wind power.

Mandatory Purchase and Dispatch Priority

The Renewable Energy Law, issued in 2006, imposes mandatory obligations on grid companies to provide grid-connection services and related technical support to wind power projects approved by the NDRC or a provincial DRC, and to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids.

In 2007, the PRC government issued the Provisional Measures on the Dispatch of Energy Saving Power Generation, which states that power producers are to secure the highest dispatch priority if they utilize renewable energy sources including wind, solar and tidal power. For additional information relating to the relevant PRC regulations, see "Regulation".

On-grid Tariffs

On July 24, 2009, the NDRC issued the "Circular Regarding the Furtherance of On-grid Pricing Policy of Wind Power," which became effective on August 1, 2009 and applied to all onshore wind power projects approved thereafter. In accordance with this circular, the previous "government-guided price" method of determining on-grid tariffs was replaced by the geographically unified tariff, a form of government-fixed price. Specifically, the PRC is categorized into four wind resource zones, and all onshore wind power projects in the same zone apply the same standard on-grid tariff (including VAT) of RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh that is applicable to that zone. For wind farms spanning across areas with different fixed on-grid tariffs, the higher tariff applies. The following table sets forth the comparison of wind power tariff against the coal-fired power tariff by provinces.

Tariff Comparison Table of Wind Power against Coal-Fired Power

Area	Wind Power Tariff	Coal-fired Power Tariff
	RMB / kWh (incl. VAT)	RMB / kWh (incl. VAT)
Guangdong	0.61	0.50
Zhejiang	0.61	0.46
Shanghai	0.61	0.46
Hunan	0.61	0.44
Hainan	0.61	0.44
Guangxi	0.61	0.44
Jiangsu	0.61	0.43
Hubei	0.61	0.43
Jiangxi	0.61	0.42
Fujian	0.61	0.41
Anhui	0.61	0.40
Shandong	0.61	0.40
Sichuan	0.61	0.40
Henan	0.61	0.40
Liaoning	0.61	0.39
Hebei		0.39
Zone 2(1)	0.54	
Zone 4(2)	0.61	
Chongqing	0.61	0.38
Tianjin	0.61	0.38
Beijing	0.61	0.38
Heilongjiang		0.38
Zone 3(3)	0.58	
Zone 4(4)	0.61	
Jilin		0.38
Zone 3(5)	0.58	
Zone 4(6)	0.61	
Inner Mongolia		0.36
Zone 1(7)	0.51	
Zone 2(8)	0.54	
Shaanxi	0.61	0.34
Yunnan	0.61	0.33
Guizhou	0.61	0.33
Shanxi	0.61	0.33
Qinghai	0.61	0.30
Gansu		0.28
Zone 2(9)	0.54	
Zone 3(10)	0.58	
Ningxia	0.58	0.27
Xinjiang		0.27
Zone 1 (11)	0.51	
Zone 3 (12)	0.58	

Source: NDRC website (tariff information for Tibet is not available).

(1) Zone 2 in Hebei includes Zhangjiako, Chengde

(2) All except areas included in Zone 2 in Hebei

(3) Zone 3 in Heilongjiang includes Jixi, Shuangyashan, Qitaihe, Suihua, Yichun, Da Hinggan Ling area

(4) All except areas included in Zone 3 in Heilongjiang

(5) Zone 3 in Jilin includes Baicheng, Songyuan

(6) All except areas included in Zone 3 in Jilin

(7) All except areas included in Zone 2 in Inner Mongolia

(8) Zone 2 in Inner Mongalia includes Chifeng, Tongliao, Xing'anmeng, Hulun Buri

(9) Zone 2 in Gansu includes Zhangye, Jiayuguan and Jiuquan

(10) All except areas included in Zone 2 in Gansu

(11) Zone 1 in Xinjiang includes Urumqi , Yili Kazak autonomous, Changji Hui autonomous prefecture, Klamyi, Shihezi

(12) All except areas included in Zone 1 in Xinjiang

Other Preferential Support

Beyond the measures outlined above, the PRC government issued a series of favorable policies for the domestic wind power industry, including preferential income tax and VAT, favorable policies towards lending as well as R&D investment. The PRC government requires domestic power grids to off take all electricity generated from renewable energy and construct infrastructure for transmission and distribution for such power. For additional information relating to the relevant PRC regulations, see "Regulation".

HISTORY

We commenced our wind power generation operations after acquiring China Wind Power Holdings Limited in August 2007. Hong Kong Pharmaceutical, a Bermuda incorporated pharmaceutical company listed on the Hong Kong Stock Exchange, acquired China Wind Power Holdings Limited, a limited liability company incorporated in the British Virgin Islands. China Wind Power Holdings Limited was principally engaged in the operation, management and investment in wind power electricity generating facilities in the PRC. Hong Kong Pharmaceutical subsequently changed its name to China WindPower Group Limited on August 15, 2007. We divested all of our pharmaceutical assets in 2009.

The key milestones in our business development are set forth below:

2007

- Through the acquisition of China Wind Power Holdings Limited in August, we commenced operations as a non-state owned wind power company in the PRC.

- We commenced operations and completed registration with the CDM EB for our first wind farm, Changtu Phase I wind farm in Liaoning Province, a joint venture with Liaoning Energy.

- We entered into joint venture and cooperation agreements to develop wind farms in the provinces of Liaoning and Jilin and the Inner Mongolia Autonomous Region with various partners including Shanghai Shenhua and Guohua Energy Investment Company ("Guohua Energy").

- We established business units for our consultancy and design services, engineering and construction services, operation and maintenance services and tower tube manufacturing.

2008

- We commenced operations for three wind farms in the Inner Mongolia Autonomous Region and Jilin Province, with a total operational capacity of 120 MW and an attributable operational capacity of 58.8 MW.

- We established new partnerships to develop wind farms in Jilin and Hebei Provinces and the Inner Mongolia Autonomous Region with Tianjin DH Power Investment Ltd. and China Power Investment Corporation, and also established additional joint ventures and entered into a more expansive framework agreement for wind resource development in new regions with Shanghai Shenhua and Guohua Energy.

- We obtained the Grade Two Qualification of General Contracting for the Construction of Electric Power Projects, which allows us to act as the general contractor for wind power projects up to 200 MW and grid construction projects of up to 220 kV.

- We acquired tower tube manufacturing assets from Jilin Minmen Wind Power Equipment Co. Ltd, becoming the largest tower tube manufacturer in Northeast China.

2009

- We commenced operations for eight wind farms in Liaoning and Jilin Provinces and the Inner Mongolia Autonomous Region, with a total operational capacity of 396 MW and an attributable operational capacity of 186.6 MW.

- We entered into additional joint venture agreements with several partners to develop wind power projects, including CLP Holdings to develop projects in Liaoning and Heilongjiang Provinces, Liaoning Energy Investments Group to develop projects in Liaoning Province, China Power Investment Company to develop projects throughout China and Shanghai Shenhua to develop projects in Liaoning Province.

- We began providing engineering and construction services and tower tubes for independent third parties such as China Longyuan Power Group Corporation Limited ("China Longyuan") and China Huaneng Group.

- We completed the disposal of our pharmaceutical business to focus on our wind power services and manufacturing business and wind farm development and investment business.

- We obtained a professional engineering design certificate for wind power generation and power transmission from the Ministry of Housing and Urban-Rural Development of the People's Republic of China and the Beijing Municipal Commission of Urban Planning.

2010

- We commenced operations of seven wind farms in Jilin, Liaoning and Gansu Provinces and the Inner Mongolia Autonomous Region, which had a total operational capacity of 498 MW and an attributable operational capacity of 350 MW. We also commenced operations of our first wholly-owned wind farm, a 201 MW wind farm, in Gansu Province.

- We launched an operation and maintenance services center in Fuxin, Liaoning Province to provide repair and maintenance services to wind farms in Liaoning Province and the Inner Mongolia Autonomous Region. The facility also has a wind turbine repair and assembly plant leased to Goldwind, the second largest domestic wind turbine manufacturer in the PRC.

- We established a partnership to develop offshore wind power projects in Jiaxing, Zhejiang Province with the local Zhejiang government and Zhejiang M&E Group.

- We entered into a strategic collaboration with General Electric Transportation for the provision of wind turbine gearbox repair services.

- We expanded our partnership with Liaoning Energy Investments Group to jointly develop an additional 900 MW of wind power projects in Liaoning Province.

- We secured a US$140 million loan with the International Finance Corporation.

- We commenced operations of a second tower tube manufacturing facility in Baicheng City, Jilin Province.

- We entered into a joint venture agreement with Jilin Power to develop wind power projects.

- We began providing operation and maintenance services to independent third parties.

- We began to diversify our wind power operations in China by securing more than 4,000 MW of wind resources in southern China, as well as securing 648 MW of solar resources in Jilin, Liaoning and Gansu Provinces and the Inner Mongolia Autonomous Region.

2011

- We secured a loan facility of up to US$120 million (RMB816 million) with Asian Development Bank.

Overview

We are a fast-growing integrated wind power company in the PRC, which was the largest wind power market in the world in 2010 and is also projected to be the world's fastest growing market from 2011 to 2016, each in terms of newly installed wind power capacity, according to BTM. We develop and invest in wind farms that generate and sell electricity to local grid companies and, in addition, provide a range of wind power services and manufacture tower tubes for wind turbines.

In our wind farm development and investment business, we develop and invest in wind farms in the PRC. We intend to further grow our wind farm investments, and to support such growth through the continued development of our wind power services and manufacturing business. We plan to increasingly focus on our wind farm development and investment business to balance the income streams of our two primary businesses. As of December 31, 2010, we had 19 wind farms in operation and six wind power projects under construction in Jilin, Liaoning and Gansu Provinces and the Inner Mongolia Autonomous Region. As of December 31, 2010, we had a total operational capacity of 1,064.3 MW, and total attributable operational capacity of 608.5 MW. We plan to strengthen our position in the PRC wind industry by increasing our total operational capacity to over 1,800 MW by the end of 2011, and to over 2,600 MW by the end of 2012, representing a CAGR of approximately 120.2% from 2007 to 2012.

We operate and construct our wind farms through jointly controlled companies, associates and subsidiaries. Currently, we invest in most of our wind power projects through joint venture arrangements with independent power producers, integrated utilities and diversified energy companies, such as Liaoning Energy Group, CLP Holdings, China Power Investment Company, Shanghai Shenhua and Jilin Power, in which we take a minority position in or jointly control the wind power project with our joint venture partner. Through this business model, we have increased the scale of our wind power project operations and the number and installed capacity of our wind power projects, while reducing our upfront capital expenditures and operating costs. We are also able to benefit from the financial and human resources, business relationships and operating network of our joint venture partners. Currently, we have one wholly-owned wind power project in Gansu Province. Going forward, we plan to establish additional wholly-owned wind farms to benefit from our value and sale strategy, which we expect will expand our wind power network.

As of December 31, 2010, we also had a portfolio of pipeline wind power projects for future development with an estimated total installed capacity of approximately 14,000 MW, including approximately 600 MW of Tier 1 pipeline projects, approximately 3,000 MW of Tier 2 pipeline projects and approximately 10,400 MW of Tier 3 pipeline projects. We have obtained exclusive development rights to these pipeline projects from local governments in 13 provinces, autonomous regions and municipalities in the PRC. The development of these pipeline projects varies, and will be determined by various factors, such as local wind resources, construction conditions, grid connection, power transmission and dispatch and on-grid tariffs. We also plan to prioritize the development of pipeline projects with greater potential based on the results of our feasibility studies.

All of the electricity generated from our wind farms is sold to local grid companies, such as Northeast China Grid Company Limited, Liaoning Electric Power Company, Jilin Electric Power Co., Ltd. and Inner Mongolia Power (Group) Co., Ltd. Other than grid companies located in the Inner Mongolia Autonomous Region, which are owned by the government of the Inner Mongolia Autonomous Region, the PRC grid companies are wholly-owned subsidiaries of the State Grid

Corporation of China. Electricity sales have historically been conducted through our jointly controlled entities and associates. On January 1, 2011, we began conducting consolidated sales of electricity to local grid companies through the Guazhou Project, our wholly-owned consolidated wind power project in Gansu Province.

In our wind power services and manufacturing business, we provide wind power consultancy and design, engineering and construction, and operation and maintenance services, and we also manufacture wind power equipment, primarily comprising tower tubes for wind turbines.

- Our consultancy and design unit provides comprehensive wind power consultancy and design services, including initial planning of wind farm development, wind resource assessment, project feasibility studies, wind farm construction design, technical services and post-construction evaluation of wind power projects.

- Our wind power engineering and construction services unit provides integrated engineering and construction services to developers and operators of wind farms, including engineering and design, the procurement of major equipment and materials, the installation of towers and other wind turbine components as well as the construction of access roads, tower foundations and other ancillary structures and buildings on a wind farm.

- Our operation and maintenance services unit provides a variety of customer support services, including equipment monitoring, ongoing routine maintenance, warranty inspections, technical assistance, and wind power equipment and component repairs.

- Our tower tube manufacturing unit primarily manufactures tower tubes for wind turbines with a capacity of up to 3 MW and holds a 28% equity interest in a wind power gearbox design and components fabrication company.

We provide these services and products primarily to wind farms in which we hold a minority interest or which we jointly control, as well as independent third parties when we have excess capacity. In the year ended December 31, 2010, we prepared 340 consultancy and design reports, provided construction services for 19 wind power projects, managed the operation and maintenance of 25 operational wind farms and manufactured 498 tower tubes for wind turbines.

We believe we are well positioned to capture market opportunities in the PRC wind industry that arise from: (i) preferential and supportive PRC government policies for renewable energy sources, particularly wind power; (ii) large exploitable wind power resources in the PRC amounting to 1,500 GW, of which 400 GW represents onshore wind resources and only 42.3 GW had been utilized as of the end of 2010; (iii) macroeconomic factors, including a broad worldwide economic recovery and an increase in overall energy prices; and (iv) the maturation of technologies and services within the PRC wind industry in recent years, including declining cost per kW of wind turbines, increased turbine efficiencies, the development of a coordinated supply chain and improved equipment maintenance and reliability.

We have experienced significant growth since our entry into the PRC wind power industry in 2007. Revenue from our wind power services and manufacturing business grew from HK$216.3 million and HK$379.4 million in the years ended March 31, 2008 and 2009, respectively, to HK$562.6 million in the nine months ended December 31, 2009 and HK$1,236 million in the year ended December 31, 2010, and our share of the results of our jointly controlled entities and associates for

these periods was HK$0.8 million, HK$15.2 million, HK$35.7 million and HK$196.9 million[(1)], respectively. Our wind farms generated 67.5 GWh, 225 GWh, 305.2 GWh and 1,125.8 GWh of electric power in the years ended March 31, 2008 and 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010, respectively.

Our Competitive Strengths

We believe our business model offers a number of competitive strengths that have contributed to our commercial success and will enable us to capitalize on significant opportunities for growth in the PRC wind industry. These strengths include the following:

We have an integrated business model that ensures efficient development of wind farms and maximizes cash flows

We are one of the largest non-state owned wind power developers and operators in the PRC. We believe our breadth of offerings and level of technical expertise differentiate us from our competitors. Through close coordination of our wind farm development and investment business and our wind power services and manufacturing business, we are able to participate in wind power development and generation throughout the life cycle of a wind power project from the initial feasibility assessment through its design, engineering and construction to the management and ongoing maintenance following the commencement of operations. We are one of the few wind power companies in the PRC that holds licenses to offer both engineering design services and engineering construction services for wind power projects. Our integrated business model, pursuant to which we have primarily invested in our wind farms through joint venture arrangements in which we have taken a minority or joint controlling interest, allows us to build up the installed capacity of our wind farms quickly and with much less capital than what is generally required for wind farm development. We are generally able to recoup a significant portion of our initial equity investment in our wind farms within six to 12 months through the service fees and sales of proceeds tower tubes we generate during the construction period of the wind farm. After these wind farms commence operations, we receive dividends and record in our income statement our share of profits from the wind farm. Our business model also enables us to implement extensive quality and cost controls, shorten construction times, secure services and timely delivery of tower tubes that we manufacture and increase the return on our investments. Further, by participating in both wind farm development and investment and wind power services and manufacturing, we are able to increase our operational efficiency, create synergies across business units and enhance cash flows from our wind farms. We believe that our breadth of services and technical capabilities will position us well to grow our services business as China's installed wind power capacity continues to develop.

We benefit from attractive market dynamics and supportive regulation such as mandatory grid connection and priority dispatch

We operate in an industry underpinned by attractive market dynamics and supportive regulation, such as mandatory grid connection and priority dispatch. Electricity consumption and generation in the PRC has been increasing rapidly in line with economic growth, which drives demand for energy sources including renewable energies such as wind power. According to China Electricity Council,

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Note:

(1) For the year ended December 31, 2010 only, our share of the results of our jointly-controlled entities and associates consisted of HK$124.2 million from power generation activities, HK$43.9 million from deferred tax and HK$28.3 million from disposals of jointly-controlled entities.

from 2001 to 2010, the total electricity generation in the PRC grew from 1,478 TWh to 4,141.3 TWh, representing a CAGR of approximately 12.1%. The PRC wind industry possesses large exploitable wind power resources with significant growth potential as only 42.3 GW of China's estimated 400 GW onshore and 1,500 GW total exploitable wind power resources had been utilized as of the end of 2010. According to BTM and GWEC, the PRC wind market experienced the fastest growth worldwide in terms of newly installed wind power capacity in 2009 and, in 2010, became the world's largest wind power market in terms of total installed wind power capacity, and is expected to continue to be one of the fastest growing markets over the medium term.

In addition, improving wind power economics and the maturation of technologies and services within the PRC wind industry have significantly increased the cost competitiveness of wind power relative to competing forms of renewable and conventional energy generation. We believe that wind power is currently one of the most cost competitive forms of renewable energy. Industry factors such as favorable financial support for both wind power generation companies as well as manufacturers, lower costs of wind turbines and other key wind power equipment and significant improvements in the efficiency of domestically manufactured turbines have enhanced the attractiveness of investment opportunities in the PRC wind industry.

To reach national targets that it has announced for renewable energy development, the PRC government has adopted a series of policies to encourage the development of wind power projects and promote wind power and other renewable energies. See "Industry — Overview of Policies and Incentives for the PRC Wind Power Industry — On-grid Tariffs" and "Industry — Mandatory Purchase and Dispatch Priority." We expect to continue to benefit from favorable government policies, including the following:

- *Mandatory grid connection and priority dispatch.* PRC law and regulation generally require grid companies to purchase all electricity generated from renewable energy projects within their grid areas and provide grid-connection services and related technical support to wind power projects approved by the NDRC or a provincial DRC.

- *Transparent on-grid tariffs.* The NDRC introduced a notice in August 2009 that divided China into four zones and standardized the on-grid tariff within each zone at rates set by the government for wind power projects approved after the enactment of the notice.

- *PRC tax benefits.* PRC wind power companies are entitled to a 50% reduction of the VAT levied on electricity generated from wind power. In addition, wind power projects approved on or after January 1, 2008 enjoy an exemption from PRC income tax for three years starting from the project's first sale of electricity followed by a 50% reduction on PRC income tax for another three years thereafter.

In addition, new legislation now allows Hong Kong incorporated companies (including our Hong Kong subsidiaries) to apply for CDM registration in the PRC without a domestic PRC partner. We believe that the combination of the foregoing factors create strong support for our business growth.

We have secured a high quality portfolio of wind resources as an early entrant in the PRC wind industry

We were one of the early wind power companies in the PRC to begin securing exclusive development rights for wind power projects from local and provincial government authorities. As of December 31, 2010, we had approximately 15,000 MW of wind resources, of which 1,064.3 MW was operational. We expect the remaining approximately 14,000 MW of pipeline capacity to be sufficient

to sustain ten years of development based on our current business plans. When selecting wind resources, we seek to maintain an optimal balance of strong and consistent wind conditions, on-grid tariffs, proximity and connection to power grids and site access. The development rights that we have obtained, which cover a geographically diverse portfolio of wind resources in attractive regions, provide a valuable platform for us to grow our business, particularly as the supply of quality wind resources in the PRC become more scarce as more wind power developers vie for available resources. We have diversified some of our development focus to southern China, where we have encountered favorable pricing and grid tariffs, as well as better access to power grids and more developed power generation infrastructure. As we develop our wind resources, we intend to continually replenish our pipeline capacity while adhering to our stringent selection standards.

We have established solid relationships with strong joint venture partners and third-party customers and suppliers

We have solid relationships with leading participants in the PRC wind industry. We have established a number of joint venture project companies with state-owned power companies such as Liaoning Energy, China Power Investment Corporation and Shanghai Shenhua. These arrangements allow us to increase the scale of our wind power project operations and the number and installed capacity of our wind power projects, while reducing our operating costs and upfront capital expenditures. We share responsibilities with our joint venture partners according to our relative strengths, and are also able to benefit from the financial and human resources, business relationships and operating network of our partners. We typically manage the design, development, construction and operation and maintenance of the wind power project, and often provide our wind power products and services to wind power project. Our partner typically is responsible for obtaining project financing and providing access to capital resources and, to a lesser extent, relationships with provincial and central government authorities. When selecting our joint venture partners, we generally consider the strength of their financial resources, their dividend policy and potential for achieving consistent profits, as well as their commitment to clean and renewable energy.

We believe we also enjoy strong relationships with third-party customers, such as China Longyuan, China Huaneng Group and Shanghai Electric, to whom we supply tower tubes or have entered into an agreement to supply tower tubes, and suppliers. Our wind power projects purchase wind turbines from Sinovel, Goldwind and Dongfang, the first, second and third, respectively, largest wind turbine manufacturers in the PRC in terms of newly installed capacity in 2009. In 2009, these suppliers also ranked third, fifth and seventh worldwide in terms of newly installed capacity. We purchased 1.5 MW turbines from Sinovel, Goldwind and Dongfang for all of our wind power projects that we completed in 2010. Going forward, we will consider using larger capacity wind turbines, such as 2 MW and 2.5 MW turbines. As the wind turbine industry continues to develop, we will continue to evaluate domestic and international suppliers, and continue to only purchase from those suppliers that meet our quality control requirements.

Our continued growth in attributable operational capacity provides a stable and recurrent source of cash flows to support further wind farm investment and development

Our growing base of attributable operational capacity is a source of recurrent cash flows and stable funding for our wind farm investments. Once we place a wind farm into operation, we will share the profit of, and any dividends declared and paid by, the respective wind farm. The low operation and maintenance cost of wind farms will effectively limit our cash commitment after our initial capital investment. We intend to increase our total operational capacity to over 1,800 MW by the end of 2011, which we expect to substantially increase the profit and dividends that we receive from wind farms and enhance our ability to make further investments. The expected income stream from our wind farms

are supported by well-defined offtake and price agreements, with the additional potential of CER sales. We expect our project structures to be based on our proven business model, which we believe will provide us a high degree of certainty in projecting future cash flows, thereby allowing us to plan our business strategies with greater efficiency. As we grow, we expect to take a majority equity interest in an increasing number of wind power projects. Over time, we expect the proportion of our cash flows from our wind farm development and investment business to continue to increase, allowing us to secure stable, highly visible cash flows to fund our business growth.

We have an experienced management team and effective corporate governance

Our rapid business growth in recent years has been driven by our prudent management team whose experience and leadership skills are enhanced by our effective corporate governance. Our Chairman and Chief Executive Officer, Mr. Liu Shunxing, has overseen the investment and construction of several hundred energy projects, including numerous wind power projects. Many members of our management team have held leadership positions at leading wind power companies and government agencies related to our business, and thus, possess significant experience that is particularly valuable given the relative youth of the PRC wind industry. Our diverse management team possesses expertise in project investment, wind power project development and management, construction and engineering, industrial manufacturing, strategic business development and financial planning. We believe that their combined experience and industry insight will help us develop and pursue our business strategies and effectively manage our growth. Our corporate governance practices are designed to foster effective communication within our organization, combine the respective strengths of our management members and strengthen our internal controls, decision-making process and risk management.

Our Business Strategies

We aim to strengthen our position as a fast-growing integrated wind power company in the PRC by executing the following business strategies:

Accelerate development of and investments in wind power projects

We plan to strengthen our position in the PRC wind industry by accelerating our investments in, and construction of, wind power projects. Strong government support for wind power coupled with significant reductions in wind turbine prices have created attractive opportunities for us to capitalize on our strong pipeline of wind resources. The continued decrease in prices for wind turbines, which are the largest cost component in a wind power project, has substantially reduced the capital required to develop wind power projects. We intend to increase our total operational capacity in the PRC to over 1,800 MW by the end of 2011, by developing an increasing number of projects in which we hold a majority equity interest. We also intend to continue to expand our wind resources, with a target of adding at least 1,000 MW of total pipeline capacity and developing more than 1,000 MW of Tier 1 pipeline projects on a gross basis each year. In addition to building wind farms with JV partners, we intend to leverage our portfolio of wind resources, diversified experience and our continued development to pursue wind power projects that we will develop initially on a stand-alone basis. Upon completion of these stand-alone projects, we plan to sell down approximately 100 MW to 150 MW of attributable capacity per year at an expected equity premium of 25% to 50%. We believe this disposal will further enhance our returns and operational efficiency. We are currently exploring different financing means to support these projects. In addition, we also expect that our growing base of operational wind farms will provide us a source of recurring income to help accelerate these developments. We will continue to select projects based on our stringent investments criteria for grid connection, balance between on-grid tariffs and wind resources, site accessibility for development and

construction, opportunities to provide wind power services and return on investment. As access to certain wind power generation areas in China has become more scarce, we have begun to geographically diversify our wind resources by shifting some of our development focus to southern China, where we are have encountered favorable pricing and grid tariffs, as well as good access to power grids and well developed power generation infrastructure.

Continue to expand and enhance service scope and capabilities, particularly to third parties

We plan to continue expanding and enhancing our service scope and capabilities. To this end, we plan to work together with leading international wind power companies to enhance our service capabilities. We will also seek to employ key industry personnel that we believe will assist us in developing our technical know-how and expertise, which would allow us to further diversify our operations and projects. We will continue to procure key engineering qualifications and certifications. Historically, a significant portion of our revenues from our wind power service segments were derived from our wind farms in which we hold a minority interest or which we jointly control. We believe that demand for our wind power services and tower tubes from independent third party wind farms will increase along with the rapid development of wind power projects in the PRC, and we will be able to market our services and products to independent third parties on a stand-alone basis. By leveraging the track record and industry reputation that we have established, we plan to continue marketing our services and products and expand the proportion of our wind power services to independent third party wind power projects.

Explore offshore wind power, wind-solar hybrid or solar power and other overseas projects

We believe there is market potential for offshore wind-solar hybrid or solar power and other overseas projects. The PRC government has encouraged the exploration of offshore wind farms and other renewable energy projects. While we plan to continue to strengthen our position in the PRC onshore wind power market, we intend to explore opportunities in the medium-term to expand our wind farm development and investment business to offshore wind farms and other renewable energy projects. In doing so, we intend to leverage our wind power expertise and our existing relationships with leading energy industry participants in the PRC. We will also seek and hire key industry personnel with the expertise in the projects that we plan to focus on. We are currently exploring opportunities to develop offshore wind power projects in Jiaxing, Zhejiang Province, which will be undertaken in conjunction with the local government and a joint venture partner. However, we are taking a cautious and considered approach, and are monitoring the offshore wind power sector and tariff developments before participating in this sector on a commercial basis.

Further, on a medium-term basis, we intend to explore diversifying our operations into hybrid wind-solar or solar projects, when on-grid tariffs and development and operating costs make it economically feasible to do so. Hybrid wind-solar systems are able to achieve greater energy efficiencies by combining two energy sources to stabilize the fluctuations in power output that may arise from systems that rely on a single power source. Hybrid systems also complement the electricity demand of the electric grids, which have greater demand for electricity during the day than at night. We have signed a technical service agreement with the Jilin Climate Center to set up solar resource monitoring systems that will collect operational data for us in Tongyu and Zhenlai counties in Jilin Province to assist us in our evaluation of potential hybrid power projects. We have also secured 648 MW of solar resources in Jilin, Liaoning and Gansu Provinces and the Inner Mongolia Autonomous Region, and are currently conducting solar energy generation tests and related feasibility studies. In addition, in the medium term, we are also aiming to partner with overseas renewable energy developers of similar backgrounds to co-develop renewable energy projects.

Wind Farm Development and Investment Business

We invest in, develop, and operate wind farms through jointly controlled entities, associates and subsidiaries, which in turn sell the electricity they generate to local grid companies. In 2010, we completed our first wholly-owned wind farm in Gansu Province. As of December 31, 2008, 2009 and 2010, the total operational capacity of the wind farms we operated was 170.3 MW, 566.3 MW and 1,064.3 MW, respectively. Our attributable operational capacity in operation was 71.4 MW, 258 MW, and 608.5 MW as of each of these dates, representing a CAGR of approximately 264%. As of December 31, 2010, our wind power projects were located in Jilin, Liaoning and Gansu Provinces and the Inner Mongolia Autonomous Region.

As of December 31, 2010, our total capacity under construction was 547.5 MW. Our wind power projects under construction are located in Jilin and Liaoning Provinces and the Inner Mongolia Autonomous Region, and we expect to complete and commission approximately 750 MW of new total operational capacity in 2011.

We also had a portfolio of wind pipeline projects for future development with an estimated total installed capacity of approximately 14,000 MW as of December 31, 2010, including approximately 600 MW for Tier 1 pipeline projects, approximately 3,000 MW for Tier 2 pipeline projects, and approximately 10,400 MW for Tier 3 pipeline projects.

Standard Wind Farm Development Phases

A primary focus of our business has been and will continue to be the development and operation of greenfield projects in China. The average development period for a greenfield wind power project is approximately two years, although the actual development period may differ significantly between projects and regions. Once the initial development phase, which generally include testing, conducting feasibility studies and securing approvals, of a wind power project is completed, the construction of such projects typically require a shorter period. Although each project's development process may vary, our standard wind farm development process generally involves the key phases set forth below.

Entering into exclusive wind power development agreements

The first phase in our standard wind farm development process is to identify a site and assess its potential to be developed into a wind farm. We evaluate potential sites based on a range of criteria including wind conditions, topography, proximity to and available capacity of grid systems, size of estimated installed capacity, transportation access, availability and ownership of land and environmental characteristics.

After a potential site is identified by our consultancy and design and project development teams, we enter into an exclusive wind power development agreement with the relevant local government. Under these development agreements, local governments usually agree to reserve specified sites for us and facilitate our wind farm development and construction process, which generally include: (i) assistance with acquiring relevant licenses, certificates and approvals from various government agencies; (ii) establishing supportive public infrastructure such as roads; and (iii) providing material information to us to assess the development potential of a geographic area, including geological power transmission and economic data. In addition, our responsibilities under these development agreements typically include: (i) providing investment capital; (ii) payment of relevant expenses relating to the construction and operation of the wind power projects; and (iii) providing technical know-how for the

development of the wind farm. Under these development agreements, if we determine that that the wind resource potential of a potential site meets specified development criteria, we are required to commence construction on the wind farm within a specified period of time, typically six months to two years, after we obtain the necessary government approvals for the project.

Wind tests

After we enter into wind power development agreements, our design and consultancy unit prepares an anemometry plan for studying wind speed and wind direction, and will conduct detailed site surveys and wind tests after setting up the anemometer towers. We typically require a minimum of 12 months' wind data to assess the feasibility of constructing a wind power project. This data is then used in preparing a feasibility study report.

Internal approval and government approvals

Internal approval: Based on the results of the wind tests, our design and consultancy and project development teams will present the feasibility study report to our technical evaluation and investment committees for review and approval. Our committees take into account several factors when evaluating the feasibility of a potential wind power project, including: (i) suitability of wind resources; (ii) proposed installed capacity; (iii) expected construction costs; (iv) estimated financial performance and project returns; and (v) impact on the environment and local community. Once the committees approve the proposal, our project development team will begin the next phase of the wind power project.

Government approvals: We are required to obtain a number of government permits, licenses and other approvals before we begin the construction of a wind farm. This process generally involves the following major steps:

(1) receipt of the following preliminary government approvals and third-party consents:

    (a) approval from the state or local environmental protection agency for the environmental impact assessment of the construction of a wind power project;

    (b) preliminary approval for the wind farm's construction land from the Ministry of Land and Resources or its local counterpart;

    (c) approval for site-selection of the wind power project from the construction planning authorities;

    (d) a memorandum of understanding with joint venture partners or financial institutions that agree in principle to provide project financing;

    (e) the local grid company's consent to connect the proposed wind farm to their network, if required by the local government; and

    (f) other government approvals, if applicable, relating to matters such as forest, water and mineral resource conservation, earthquake risk assessment and historical relics protection;

(2) filing a project application report, together with the above preliminary government approvals, third-party consents and other required documents with, and obtaining the project approval from, the NDRC at the state level or the relevant provincial DRC. A wind

power project with installed capacity of 50 MW and above, or a foreign invested wind power project with a total investment amount of not less than US$100 million prior to April 6, 2010, or with a total investment amount of US$300 million on or after April 6, 2010, is subject to NDRC approval at the state level, while other wind power projects are subject to provincial DRC approval;

(3) in the case of a foreign invested wind power project, obtaining approvals from the MOFCOM or its local counterpart for the relevant joint venture contract, articles of association and related matters;

(4) obtaining the relevant permits for project construction, including the construction land planning permit, planning permit for construction works and the permit for commencement of construction work; and

(5) obtaining the Electric Power Business License from the SERC before a wind power project starts commercial operation.

Construction and commissioning

After all necessary government approvals have been obtained, generally a joint venture company is formed with our joint venture partners and a general contractor is selected to oversee the construction and commissioning of the wind farm. Construction generally involves engineering and design, a tender for major equipment and materials, the construction of access roads, tower foundations and other structures and buildings, the laying of connection cables, the installation of transformers and wind turbines and the submission of a CDM application for the project. Once we have installed a wind turbine, we generally proceed with commissioning, which involves the testing of: (i) wind turbine and substation operability; (ii) transmission system connectivity; and (iii) the internal equipment integration within the operational systems. After a successful commissioning period, which consists of no less than a 240-hour period of continuous operation, the wind farms commence commercial operation.

Tender Process

In the PRC, developers and operators of wind power projects typically invite tenders from the public or a pool of pre-qualified applicants to select service providers and equipment suppliers for their wind power projects. The tender process may vary by project but generally consists of various steps including tender invitation, assessment and submission of bids, evaluation of bids based on the applicants' technical qualification, financial condition and commercial terms and announcement of results. After being notified, the winning bidder will negotiate a service or supply agreement with the project operator. Under the terms of our joint venture agreements, we are eligible to participate in the tender process of wind power projects, which rely on public tenders to select providers for consultancy and design services, engineering and construction services and operation and maintenance services as well as suppliers for key pieces of equipment. Historically, we have been awarded contracts for the provision of consultancy and design services, engineering and construction services and tower tubes to a significant majority of our wind power projects. We have also secured the operation and maintenance service contract for all of our wind farms.

Wind Power Development

We secure additional wind resources, seek approvals for wind power development and enter into joint venture arrangements with wind farm developers through our project development and joint venture affairs and corporate supervision departments.

As of December 31, 2010, we had secured a reserve capacity of approximately 15,000 MW of wind resources, a portion of which were operational or under construction. As of December 31, 2010, approximately 9,300 MW of our wind resources, both operational and under construction, were concentrated in the Inner Mongolia Autonomous Region and Liaoning and Jilin Provinces with the remainder located in Hubei, Anhui, Jiangsu and seven other provinces in China. See "— Description of Our Wind Farms." We are currently focusing our development efforts on Jilin and Liaoning Provinces in northeast China, Hebei Province, the Inner Mongolia Autonomous Region and Gansu Province, all of which have abundant wind power resources. Recently, we have begun to shift part of our development efforts to southern China, where we have encountered favorable pricing and grid tariffs, as well as better access to power grids and more developed power generation infrastructure.

A part of our strategy is to develop our wind resources and wind power development rights through joint venture arrangements. We choose to develop our projects through these arrangements because they allow us to increase the scale of our wind power project operations and the number and installed capacity of our wind power projects, while reducing our operating costs and upfront capital expenditures. We share responsibilities with our joint venture partners according to our relative strengths, and are also able to benefit from the financial and human resources, business relationships and operating network of our partners. We typically manage the design, development, construction and operation and maintenance of the wind power project. Our partner typically is responsible for obtaining project financing and providing access to capital resources and, to a lesser extent, relationships with provincial and central government authorities. Our primary joint venture partners are state-owned power companies, such as Liaoning Energy, Shanghai Shenhua and China Power Investment Corporation. When selecting cooperation and joint venture partners, we generally consider the strength of their financial resources, as well as a clear dividend policy and potential for achieving consistent profits, their commitment to clean and renewable energy and their government relationships. Going forward, we expect to leverage our portfolio of wind resources, diversified experience and our continued development to pursue wind power projects that we will develop on a stand-alone basis. Upon completion of these stand-alone projects, we plan to sell down approximately 100 MW to 150 MW of attributable capacity per year at an expected equity premium of at least 25% to 50%. We believe this disposal will further enhance our returns and operational efficiency. We are currently exploring different financing means to support these projects.

As of December 31, 2010, we had invested in and developed 27 wind power projects with a total capacity of 1,710.8 MW (with 1,064.3 MW operational and 547.5 MW under construction), while 99 MW was sold. We expect to add up to an additional 750 MW of total operational capacity in 2011.

Pipeline Projects

We refer to our wind power projects reserved for future development as pipeline projects. We have acquired the rights to develop these pipeline projects pursuant to wind power development agreements 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 in respect of each of the key phases in the project development prior to construction and commissioning. We believe our project classification methodology reflects an objective approach and provides an indication regarding the maturity of our pipeline projects, which in turn helps us pursue our growth targets. We may elect not to proceed with certain pipeline projects that we deem unsuitable for development.

Tier 1

Tier 1 pipeline projects are those that are closest to starting construction and becoming operational. Tier 1 pipeline projects have completed all of the critical phases of development before

construction and commissioning. For Tier 1 pipeline projects, exclusive wind power development agreements have been entered into with local governments; wind tests have been completed; internal approval has been received; and the projects are already approved by the relevant government authorities. As of December 31, 2010, our Tier 1 pipeline projects had an estimated total installed capacity of approximately 600 MW.

Tier 2

Tier 2 pipeline projects are those that have achieved moderate progress on the critical phases of development before construction and commissioning. For Tier 2 pipeline projects, exclusive wind power development agreements have been entered into with local governments; wind tests have been conducted for at least one year; preliminary internal approval has been received; and feasibility studies and relevant governmental approval processes are in progress. As of December 31, 2010, our Tier 2 pipeline projects had an estimated total installed capacity of approximately 3,000 MW.

Tier 3

Tier 3 pipeline projects are those in the earliest stage of development. For Tier 3 pipeline projects, exclusive wind power development agreements have been entered into with local governments and these projects are in the process of conducting wind tests. As of December 31, 2010, our Tier 3 pipeline projects had an estimated total installed capacity of approximately 10,400 MW.

Description of Our Wind Farms

The table below sets forth a breakdown of the total and attributable operational capacity of our operational wind farms by geographic area as of the dates indicated.

	As of December 31,											
	2008				2009				2010			
	Attributable Operational Capacity	Attributable Operational Capacity	Total Operational Capacity	Total Operational Capacity	Attributable Operational Capacity	Attributable Operational Capacity	Total Operational Capacity	Total Operational Capacity	Attributable Operational Capacity	Attributable Operational Capacity	Total Operational Capacity	Total Operational Capacity
	(MW)	(%)	(MW)	(%)	(MW)	(%)	(MW)	(%)	(MW)	(%)	(MW)	(%)
Liaoning	12.6	17.6	50.3	29.5	150.7	58.4	347.3	61.3	180.4	29.6	396.8	37.3
Jilin	24.3	34.0	49.5	29.1	48.5	18.8	99.0	17.5	48.5	8.0	99.0	9.3
Inner Mongolia	34.6	48.4	70.5	41.4	58.8	22.8	120.0	21.2	178.6	29.4	367.5	34.5
Gansu	—	—	—	—	—	—	—	—	201.0	33.0	201.0	18.9
Total	71.4	100.0	170.3	100.0	258.0	100.0	566.3	100.0	608.5	100.0	1,064.3	100.0

The tables below set forth information on: (i) wind power projects operated and under construction by our direct and indirect subsidiaries; (ii) wind power projects operated and under construction by our associates; and (iii) wind power projects operated and under construction by jointly controlled entities, as of December 31, 2010.

Project Companies	Our Equity Interest [1]	Location	In-service Date[3]	Total Capacity (in MW)	On-grid Tariff Including VAT (RMB/kWh)	Joint Venture Partner	Turbine Supplier
OPERATIONAL WIND FARMS							
Wholly-Owned Entities							
甘肅瓜州協合風力發電有限公司 Gansu Guazhou Century Concord Wind Power Co., Ltd.	100%	Gansu	2010	201.0	0.52	N/A	Sinovel (華銳)
Jointly Controlled Entities							
二連浩特長風協合風能開發有限公司 Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd.	49%	Inner Mongolia	2008	21.0	0.52	China Power Investment	New United (新譽)
吉林里程協合風力發電有限公司 Jilin CWP-Milestone Wind Power Co., Ltd.	49%	Jilin	2008	49.5	0.62	China Power Investment	New United (新譽)
太僕寺旗申華協合風力發電投資有限公司 Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd.	49%	Inner Mongolia	2008	49.5	0.52	Shanghai Shenhua	Goldwind (金風)
阜新申華協合風力發電有限公司 Fuxin Century Concord-Shenhua Wind Power Co., Ltd.	49%	Liaoning	2009	49.5	0.61	CLP Holdings, Shanghai Shenhua	Sinovel (華銳)
阜新華順風力發電有限公司 Fuxin Huashun Wind Power Co., Ltd.	50%	Liaoning	2009	49.5	0.61	Shanghai Shenhua	Dongfang (東汽)
阜新聚合風力發電有限公司 Fuxin Juhe Wind Power Co., Ltd.	60%	Liaoning	2009	49.5	0.61	Liaoning Energy	Goldwind (金風)
阜新巨龍湖風力發電有限公司 Fuxin Julonghu Wind Power Co., Ltd.	60%	Liaoning	2009	49.5	0.61	Liaoning Energy	Dongfang (東汽)
阜新聚緣風力發電有限公司 Fuxin Juyuan Wind Power Co., Ltd.	60%	Liaoning	2010	49.5	0.61	Liaoning Energy	Goldwind (金風)

Project Companies	Our Equity Interest [1]	Location	In-service Date[3]	Total Capacity (in MW)	On-grid Tariff Including VAT (RMB/kWh)	Joint Venture Partner	Turbine Supplier
阜新千佛山風力發電有限公司 Fuxin Qianfoshan Wind Power Co., Ltd.	60%	Liaoning	2009	49.5	0.61	Liaoning Energy	Dongfang (東汽)
阜新聯合風力發電有限公司 Fuxin Union Wind Power Co., Ltd.	49%	Liaoning	2009	49.5	0.61	CLP Holdings, Shanghai Shenhua	Sinovel (華銳)
吉林泰合風力發電有限公司 Jilin Taihe Wind Power Co., Ltd.	49%	Jilin	2009	49.5	0.61	China Power Investment	Sinovel (華銳)
蒙東協合紮魯特旗白音查平風力發電有限公司 Mengdong Century Concord Baiyinchagan Wind Power Co., Ltd.	49%	Inner Mongolia	2010	49.5	0.54	China Power Investment	Dongfang (東汽)
蒙東協合科左後旗花燈風力發電有限公司 Mengdong Century Concord Kezuohouqi Huandeng Wind Power Co., Ltd.	49%	Inner Mongolia	2010	49.5	0.54	China Power Investment	Dongfang (東汽)
蒙東協合科左後旗風力發電有限公司 Mengdong Century Concord Kezuohouqi Wind Power Co., Ltd. [2]	49%	Inner Mongolia	2010	49.5	0.54	China Power Investment	Dongfang (東汽)
蒙東協合紮魯特旗風力發電有限公司 Mengdong Century Concord Zhaluteqi Wind Power Co., Ltd.	49%	Inner Mongolia	2010	49.5	0.54	China Power Investment	Dongfang (東汽)
通遼泰合風力發電有限公司 Tongliao Taihe Wind Power Co., Ltd.	49%	Inner Mongolia	2009	49.5	0.54	China Power Investment	Sinovel (華銳)
武川縣義合風力發電有限公司 Wuchuan County Yihe Wind Power Co., Ltd.	46%	Inner Mongolia	2010	49.5	0.51	Shanghai Shenhua	Goldwind (金風)
Associates							
昌圖遼能協鑫風力發電有限公司 Changtu Liaoneng Xiexin Wind Power Co., Ltd.	25%	Liaoning	2006	50.3	0.63	Liaoning Energy	Goldwind (金風)

WIND POWER PROJECTS

Project Companies	Our Equity Interest [1]	Location	In-service Date[3]	Total Capacity (in MW)	On-grid Tariff Including VAT (RMB/kWh)	Joint Venture Partner	Turbine Supplier
阜新泰合風力發電有限公司 Fuxin Taihe Wind Power Co., Ltd.	100%	Liaoning	N/A	49.5	0.61	N/A	TBD
阜新泰合風力發電有限公司 Fuxin Taihe Wind Power Co., Ltd.	100%	Liaoning	N/A	49.5	0.61	N/A	TBD
蒙東協合開魯風力發電有限公司 Mengdong Century Concord Kailu Wind Power Co., Ltd.	49%	Inner Mongolia	N/A	300.0	0.54	China Power Investment	TBD
吉林協合風力發電投資有限公司 Jilin Century Concord Wind Power Investment Co., Ltd.	100%	Jilin	N/A	49.5	0.58	N/A	TBD
吉林協合風力發電投資有限公司 Jilin Century Concord Wind Power Investment Co., Ltd.	100%	Jilin	N/A	49.5	0.58	N/A	TBD
太仆寺旗聯合風力發電有限公司 Taipusiqi Union Wind Power Co., Ltd.	46%	Inner Mongolia	N/A	49.5	0.51	Shanghai Shenhua	TBD

(1) Aggregate ownership is calculated by including 100% of the shareholding directly owned by the Company and a portion of the shareholding indirectly owned by the Company's subsidiaries proportionate to our direct percentage ownership in such subsidiaries.

(2) A wind farm sometimes includes several phases or is expanded by additional technology improvement projects. As each phase or technology improvement project of a wind farm is subject to separate government approvals, it is deemed as a separate project.

(3) Based on the actual in-service date of the first wind turbine installed.

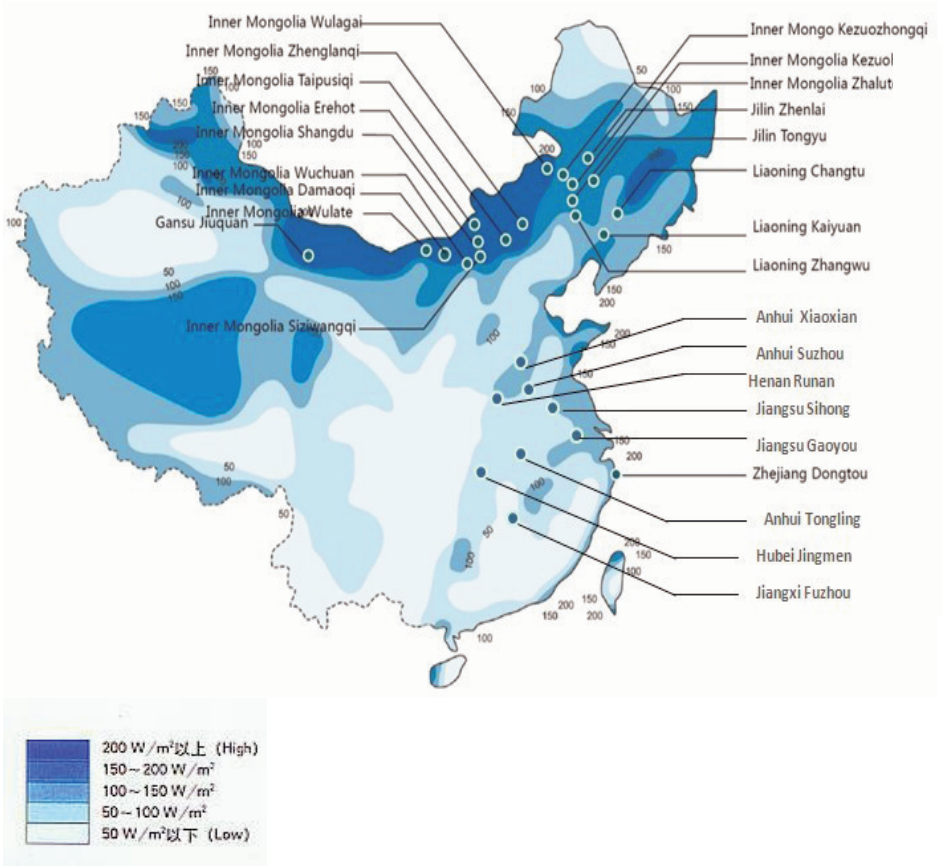
(4) This project was completed but was divested to an independent third party.

The table below sets forth information on the total reserve capacity and current tariff rates of our wind power projects by region as of the date of this offering memorandum.

Location	Reserve Capacity	Tariffs
	(MW)	(RMB/kwh)
Inner Mongolia	4,570	0.54 (east)/0.51 (west)
Liaoning	1,930	0.61
Jilin	2,800	0.58/0.61
Anhui	1,000	0.61
Jiangsu	600	0.61
Henan	450	0.61
Hebei	400	0.58
Heilongjiang	300	0.58/0.61
Gansu	200	0.52
Zhejiang	150	0.61
Hubei	1,600	0.61
Sichuan	500	0.61
Jiangxi	500	0.61
Total	**15,000**	

The following map sets forth the wind resources of the regions where our wind power projects are primarily located, as of December 31, 2010.

Abundant Wind Reserves Exceeding 15GW

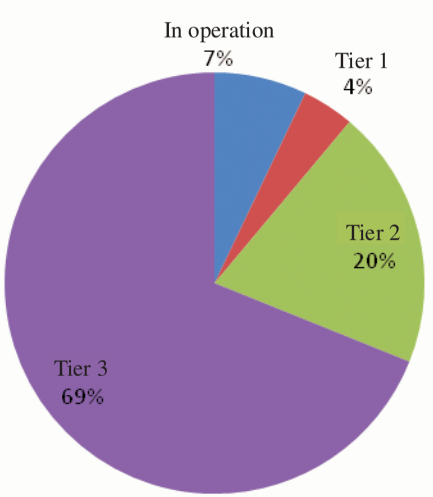


Selection Criteria of Wind Farms:

- Close to power grids
- Good wind condition
- Good site accessibility

Breakdown of Stages of Development:

Tier 1 – Approved projects



Tier 3 - Signed exclusive development agreement, currently undergoing wind test

Tier 2 - At least one year of wind test has been completed. Passed internal preliminary investment committee meeting. Undergoing feasibility study and approval process

Wind Power Services and Manufacturing

We provide a variety of wind power products and services to support our wind farm operations and, to a lesser extent, also provide these products and services to independent third parties. We commenced our wind power services in late 2007 to support our wind farm development and investment business. We provide consultancy and design services, engineering and construction services, operation and maintenance services and manufacture tower tubes for wind turbines. Although actual costs vary by project, the costs for design and consultancy services, engineering and construction services and tower tubes in aggregate represent approximately a quarter of the total development cost of our wind power projects in general. Our revenues generated from the provision and sale of these services and products historically have been derived primarily from the services and products provided to our wind power projects. As we expand our wind power services to independent third-party projects, we expect our service income received from independent third parties to increase proportionally.

Wind Power Consultancy and Design

We operate our wind power consultancy and design business through our subsidiary Beijing Juhe Power Technology Design Co., Ltd. and Beijing Shijijuhe Wind Power Technology Co., Ltd. Providing these services in-house reduces the time, cost and risk in developing a wind power project and improves overall efficiency and quality of the project. Our consultancy and design unit continues to primarily serve our wind power projects. However, we have provided these services to independent third parties and intend to increase the proportion of the services that we provide to such customers.

Our consultancy and design unit has 59 employees, with expertise in wind resource assessment, electrical and civil engineering, budget estimates, economic valuation, environmental assessment, soil preservation, water conservation, geology and water management. More than half of our consultancy and design employees hold master degrees, and over 20% have relevant senior professional qualifications. Our consultancy and design unit provides services including the initial planning of wind power projects, wind resource assessments, project feasibility studies, construction designs, micro-site selection solutions, CDM technical services and post-construction evaluations. Under our consulting and design contracts, we generally receive a 20% deposit following the formation of a contract and progress payments upon our delivery of the initial plan and construction design respectively. The final payment, generally representing 5% of the total contract value, is released upon the completion of construction.

In collecting data on wind resources, we use specialized wind farm design software as well as more than two hundred 70-meter anemometer towers. We currently focus on onshore wind power projects, but in the future may also seek to provide consultancy and design services with respect to overseas and offshore wind power projects.

Our consultancy and design unit has an engineering consulting qualification from the NDRC and a professional engineering design certificate for wind power generation and power transmission from the Ministry of Housing and Urban-Rural Development of the PRC and the Beijing Municipal Commission of Urban Planning. In addition, as a testament to our commitment to quality control, our wind power consultancy and design unit was accredited with ISO9001 quality management certification in 2010.

For the year ended March 31, 2009, the nine months ended December 31, 2009, and the year ended December 31, 2010, our consultancy and design unit provided 44, 81 and 340 reports and generated revenue of HK$17.4 million, HK$49.6 million and HK$73.2 million, respectively, representing 4.6%, 8.8% and 5.9% of our revenue for those periods.

Wind Power Engineering and Construction

We operate our wind power engineering and construction business through our subsidiary, Jilin CWP Power Engineering Co., Ltd. ("Jilin CWP"). Our engineering and construction unit continues to primarily serve our wind power projects. Our engineering and construction unit currently holds a Grade Two Qualification of General Contracting for the Construction of Electric Power Projects, which allows us to act in the capacity of a general contractor to perform or subcontract engineering and construction services for wind power projects up to 200 MW but not exceeding five times the registered capital of Jilin CWP and grid construction projects up to 220 kV.

Our wind power engineering and construction services unit provides integrated engineering and construction services to developers of wind farms, including engineering and design, major equipment and materials procurement, the construction of access roads, tower foundations and other ancillary structures and buildings, the laying of connection cables and the installation of transformers, tower tubes, nacelles, blades and other wind turbine components. As part of our equipment, we have four heavy duty cranes that we use in wind turbine installation. Each crane is able to install wind turbines with a capacity of up to 3.0 MW. This unit has 169 employees, most of which are trained service technicians, construction engineers and project managers. We seek to maintain a good safety record, efficient project management and stringent cost control, which enhances overall project efficiency.

The principal terms of our construction contracts with wind power project companies include the scope of work, a construction timetable, fees and payment terms. As the general contractor, we are generally responsible for providing materials, labor and equipment in connection with a project. Although the terms of our construction contracts vary by project, the majority of the contracts are generally for a period of six to 14 months, depending on the size of the wind power project and weather conditions. Our construction contracts typically provide for an initial 30% deposit following the signing of a contract, progress payments until a specified maximum percentage of the total contract price has been paid and settlement of the balance of the contract price, except for the retention money, upon project completion and handover. A retention money amounting to 5% of the contract price is generally retained for one year after the wind farm's commencement of operations. In addition, our construction contracts contain warranties for our work quality and requirements for timely completion of the construction. Under our construction contracts, we undertake to comply with all regulatory requirements applicable to the construction of the project. Generally, we are also required to purchase insurance for our employees and equipment on construction sites, while the wind project companies are required to purchase insurance for their employees and other third parties, to cover construction risks. We have not had any material disputes with any of the wind farms to which we provided engineering and construction services.

For the year ended March 31, 2009, the nine months ended December 31, 2009, and the year ended December 31, 2010, our engineering and construction services unit worked on eight, 13 and 19 wind power projects, respectively. During the same periods, our engineering and construction unit generated revenue of HK$125.4 million, HK$228.0 million and HK$517.3 million, respectively, representing 33.1%, 41.0% and 41.9% of our revenue for those periods.

Wind Power Plant Operation and Maintenance

We operate our wind power operation and maintenance service business through our subsidiary Beijing Guohuaaidi Wind Power Technology Services Co., Ltd. Our operation and maintenance customers include our affiliated but unconsolidated wind farms and, to a lesser extent, independent third party wind farms. Our wind power operation and maintenance unit provides operation and maintenance services to 20 of our wind farms in Jilin, Liaoning and Gansu Provinces and the Inner

Mongolia Autonomous Region, as well as to five third-party wind farms. However, we expect the proportion of the services to independent third party wind farms to increase as the warranties for the wind turbines (generally for a period of three years) installed on the sites of these independent third party wind farms are due to expire in the near future.

We generally begin providing operation and maintenance services to our wind farms following completion of construction, as well as to independent third party wind farms on behalf of turbine manufacturers. We continually strive to improve their operational efficiency, and aim to achieve and maintain a high level of utilization hours of the wind farms, principally by providing equipment monitoring, warranty inspections, technical assistance and ongoing routine and preventive maintenance. Additionally, we provide customer support, scheduled maintenance and wind technician training. We also repair and refurbish wind power equipment and components, including control systems, gearboxes and blades.

Our operation and maintenance service fees are determined based on the net power generation of the wind farms that we are servicing. For turbine manufacturers, our fees are generally based on the scope of maintenance work that we perform. We have developed a centralized standard operation and maintenance system, the SCADA system, which is compatible with all major turbine models. This system has been tested successfully and has been in use since November 2009.

Our wind power operation and maintenance services unit has 305 employees, most of which are trained service technicians. We have three express repair and maintenance service centers in Jilin and Liaoning Provinces and the Inner Mongolia Autonomous Region, to provide express services, including component replacement, equipment repair and operation maintenance, to wind farms in these areas, and regional technical support for major domestic equipment manufacturers. We believe our repair and maintenance service centers will help increase the competitiveness and service capabilities of our wind power operation and maintenance unit.

We have entered into cooperation arrangements with leading international companies such as Sgurr Energy from the UK to strengthen our capabilities in operation and maintenance of wind farms. In 2010, we entered into a strategic collaboration with General Electric Transportation from the United States to enhance our provision of wind turbine gearbox repair services.

For the year ended March 31, 2009, the nine months ended December 31, 2009, and the year ended December 31, 2010, our wind power operation and maintenance unit provided services to four, 12 and 25 wind farms, respectively. During the same periods, our wind power operation and maintenance unit generated revenue of HK$9.3 million, HK$15.0 million and HK$54.1 million, respectively, representing 2.5%, 2.7% and 4.4% of our revenue for those periods.

Tower Tube Manufacturing

Tower tubes

We operate our wind power tower tube manufacturing business through our subsidiaries Jilin Tianhe Wind Power Equipment Co., Ltd. and Jilin Province Tianhe Wind Power Equipment Manufacture and Operation Maintenance Co., Ltd. in Taonan, Jilin. Our tower tube manufacturing unit manufactures tower tubes, which is the structural support for a wind turbine. Our tubular steel towers are positioned on a cement foundation and serve as a mount for a wind turbine's nacelle and blades. The height of our tubular steel towers can be customized to achieve the desired tower height based on the conditions at each wind farm. Our tower tubes are manufactured in sections and bolted together at the wind farm site. We commenced our tower tube manufacturing business in 2007 to support our

wind farm development and investment business and have since then become the largest tower tube manufacturer in Northeast China. Given the high transportation costs associated with the long-distance transportation of tower tubes, the PRC market for tower tubes is largely segmented by region. We primarily manufacture tower tubes for wind turbines with a capacity of 1.5 MW, although we manufacture tower tubes with capacities of up to 3 MW We expect that demand for larger wind turbines in the PRC will increase and plan to adjust our production plans according to market demand. We received ISO9001 certification for one of our tower tube manufacturing plants in Baicheng City, Jilin Province in December 2009.

Under our tower tube manufacturing contracts, we generally receive a deposit, a prepayment for equipment and a materials allowance. The balance of the contract value, except retention money generally amounting to generally 5% of the contract value, is settled following acceptance and inspection of delivery. The 5% retention money is retained by customers to ensure against quality defects for one year following delivery. Each of our tower tube contracts contains a price adjustment provision to guard against material changes in steel prices.

We own two production facilities in Baicheng City, Jilin Province which have an aggregate annual production capacity of more than 400 tower tubes. This business unit employs 411 employees. Our production facilities are strategically located in close proximity to a major wind resource and wind power development region in the PRC.

Our tower tubes are generally sold to wind farms or wind turbine manufacturers. For the year ended March 31, 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010, our tower tube manufacturing unit produced 183, 244 and 498 tower tubes (including OEM tower tubes), respectively. During the same periods, our tower tube manufacturing unit generated revenue of HK$227.3 million, HK$270.1 million and HK$591.4 million, respectively, representing 59.9%, 48.0% and 47.8% of our revenue for those periods.

Other wind turbine components

In addition to our tower tube manufacturing business, we have a 28% interest in an associate, Zhengzhou Zhengji Century Concord Equipment Co., Ltd., which designs gearboxes and fabricates wind turbine components.

Carbon Credit Transactions

In addition to selling electricity, since April 2008, our wind farms have also began to generate other income from the sale of CERs for the emission reduction attributable to its electricity output.

Clean Development Mechanism

CDM is an arrangement under the Kyoto Protocol to the UNFCCC. Each of the countries listed in Annex I to the UNFCCC ("Annex I Countries"), which include certain developed countries, is assigned an emission reduction target. Non-Annex I Countries, which include certain developing countries, have no emission reduction targets but are encouraged to adopt environmentally friendly technologies to reduce greenhouse gas emissions. The CDM arrangement allows Annex I Countries to invest in emission reduction projects in non-Annex I Countries in order to earn CERs. CERs can be used by investors from Annex I Countries to satisfy domestic emission reduction targets or sold to

other interested parties, thereby providing an alternative to emission reductions in their own countries, which is generally more expensive than investing in emission reduction projects in developing countries. The PRC government ratified the Kyoto Protocol in 2002, as a non-Annex I Country. The first commitment period of the Kyoto Protocol is five years from 2008 to 2012.

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, if the total installed capacity of the project exceeds 50 MW;
- validate the project design 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 of 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 the buyers according to the agreed delivery schedule with the buyers and receive payment from the buyers for CERs purchased.

According to the Measures for Operation and Management of Clean Development Mechanism Projects (the "CDM Measures") jointly issued by the NDRC and other ministries, only companies wholly-owned or controlled by Chinese parties were initially permitted to carry out CDM projects in the PRC. On December 1, 2009, the Supplementary Bonds on the Implementation of Projects under the Clean Development Mechanism by Hong Kong Enterprises in China (the "Supplementary Bonds") became effective, which permits the participation of Hong Kong-based companies in developing CDM projects in the PRC. Pursuant to the Supplementary Bonds, companies who satisfy certain requirements are eligible to apply for and obtain a letter of certification, which would allow such companies to be recognized as PRC enterprises for the purpose of applying to the NDRC for the development of CDM projects. According to the CDM Measures, for CDM projects approved on or after October 12, 2005, the PRC government imposes a levy on the proceeds from sale of CERs under a CDM project at various levels depending on the type of project. With respect to wind and other renewable projects that develop and utilize renewable energy and are encouraged as a matter of the government policy, only 2% of the proceeds from sale of CERs are payable to the PRC government.

In accordance with the requirements of the Kyoto Protocol, the following renewable energy projects cannot be registered as CDM projects:

- Projects without additionality. A CDM project activity is additional if anthropogenic emissions of greenhouse gases are reduced below those that would have occurred in the absence of the registered CDM project activity;
- Projects that face no "barriers" which include financial barriers, technological barriers, or other barriers, preventing implementation if such projects were not registered as CDM projects;

- Projects that are funded by public funding from parties included in Annex I Countries, which would cause a diversion of the official development assistance of those parties; or

- Projects that were not developed with a view to registering them as CDM projects before the commencement of the projects.

Sale of CERs

In 2010, 11 of our wind farms have obtained the approval of the NDRC, and five of which have been successfully registered with the CDM EB. At the end of 2010, seven CDM projects have been successfully registered with the United Nation CDM EB.

As of December 31, 2010, our wind farms have entered into emission reduction purchase agreements with four buyers, who are independent third parties from us, including corporate buyers from Britain, France and Sweden, with a CER price range of EUR9 to EUR13 per ton. The first CERs of our registered CDM projects were issued on November 3, 2008. For the years ended March 31, 2008 and 2009, the nine months ended December 31, 2009 and the year ended December 31, 2010, the income generated from the CERs by our wind farms was RMB7.2 million, RMB7.5 million, RMB8.3 million and RMB42.9 million, respectively. If the PRC government revises its supportive policies for the CDM arrangement, or the Kyoto Protocol is not renewed prior to its expiration in 2012, the income we generate from sales of CERs could be adversely affected. See "Risk Factors — Risks Relating to Our Company and Our Industry — We are subject to uncertainty regarding our sales of CERs and the registration of our CDM projects."

Sales of Electricity

Our wind farms primarily generate revenue through the sale of electricity. We share the profits of our unconsolidated wind farms in proportion to our equity interest in the relevant jointly controlled entity or associate, as the case may be, and record them in our income statement using the equity accounting method. We began direct sales of electricity through our wholly-owned wind farm, the Guazhou Project, in January 2011. According to the Renewable Energy Law, the grid companies generally must purchase all the electricity generated from NDRC-approved renewable energy projects in their grid coverage. Grid companies must also provide them with grid connection services and related technical support. The wind farms of our jointly controlled entities and associates sell substantially all of the electricity that they generate to local grid companies under power purchase agreements they enter into with local grid companies in accordance with the applicable PRC regulations. The power purchase agreements typically have a term of one to five years and contain standard terms such as on-grid tariff, scheduled electricity output, metering and payment and settlement. The on-grid tariff for a power purchase agreement is reviewed and determined by the relevant pricing authorities and approved by the NDRC.

On-grid Tariffs

The on-grid tariff applicable to a wind power project is determined in accordance with the pricing policy in effect when the project is approved. For wind power projects approved by the NDRC or provincial DRCs after December 31, 2005 but before August 1, 2009, the on-grid tariff is governed by a government guided-price. The on-grid tariffs for concession projects approved during this period are determined through public tender, while the on-grid tariffs for non-concession projects are approved by the relevant pricing authorities by reference to the on-grid tariffs of concession projects in neighboring areas. Generally, the pricing authorities will consider various factors in approving the

on-grid tariffs for wind energy, including the wind resources of the sites, the size of the proposed projects, construction conditions, and approved prices for other wind power projects in the area. There are numerous factors affecting on-grid tariffs over which we may or may not have control, the average on-grid tariffs for wind power projects vary significantly from province to province.

The on-grid tariff applicable to onshore wind power projects approved after August 1, 2009 is set pursuant to the Circular Regarding the Furtherance of On-grid Pricing Policy of Wind Power, which came into effect on the same date. In accordance with this circular, the government guided-prices discussed above has been replaced by geographically unified tariffs, or government fixed-price. Specifically, the PRC is categorized into four wind resource zones, and a standard on-grid tariff (including VAT) of RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh, respectively, applies to all wind power projects in each respective zone. Regions in China with high technically exploitable capacity, such as the Inner Mongolia Autonomous Region, are generally categorized as zone one or zone two, and therefore apply RMB0.51/kWh or RMB0.54/kWh as the standard on-grid tariff. Regions with average or low technically exploitable capacity are generally categorized as zone three or zone four, and therefore apply RMB0.58/kWh or RMB0.61/kWh as the standard on-grid tariff. We believe that our wind power business will benefit from the new on-grid tariffs, as fixed pricing helps reduce uncertainties and improve our ability to evaluate each project's potential. See "Industry — Overview of Policies and Incentives for the PRC Wind Power Industry — On-grid Tariffs" and "Regulation — Regulatory Requirements Relating to Renewable Energy — Tariff and Cost Sharing Program." Most of our wind farms are located in three zones with standard on-grid tariff (including VAT) of RMB0.51/kWh, RMB0.54/kWh and RMB0.61/kWh as of December 31, 2010. Some of our other wind farms follow tariffs that were set before the establishment of the standardized on-grid tariff.

The table below sets forth the weighted average on-grid tariff (including VAT) for electricity from our wind farms and our gross power generation for the periods indicated.

	Year Ended March 31, 2009	Nine months Ended December 31, 2009	Year Ended December 31, 2010
Weighted average on-grid tariff (including VAT) [(1)]	0.55RMB per kWh	0.57RMB per kWh	0.59RMB per kWh
Gross power generation	225.0 GWh	305.2 GWh	1,125.8 GWh

(1) Weighted average on-grid tariff (including VAT) is calculated by dividing the tariffs rate of our wind farms by the total operational capacity of our wind farms.

The output of wind farms and other renewable energy power plants may be curtailed as a result of grid congestion or other limitations on a grid's maximum transmission capacity. As electricity generated from our wind farms is not stored and must be transmitted or used once it is generated, the wind farm will not operate at full capacity when electricity is unable to be transmitted due to grid congestion or other grid constraints. Since December 2008, some of our wind farms in Jilin and Liaoning Provinces and the Inner Mongolia Autonomous Region have experienced temporary limitation, or curtailment, on their electricity output due to underdevelopment of the local grids. Curtailment could reduce the actual net power generation of a wind farm. Our wind farms have not negotiated any compensation or indemnification arrangements with the local grid companies for financial loss due to curtailment. In addition, electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to repair and maintenance, construction work and other reasons beyond our control. See "Risk Factors — Risks Relating to Our Company and Our Industry — Our wind farm development and investment business subjects us to risks associated with the ownership and operation of wind farms."

Tariffs on Renewable Energy Projects

All renewable power projects that are approved after January 1, 2006 also benefit from on-grid tariff premiums that were implemented pursuant to the Renewable Energy Law and the Price and Cost Sharing Regulation. The price premium for on-grid renewable power over on-grid desulfurized coal power in the same province, together with the grid connection cost of on-grid renewable power, will be effectively borne by all the electricity end-users. Grid companies charge a tariff surcharge in the selling prices at the provincial and national levels to reflect their extra costs for purchasing and establishing grid connection for renewable power sources. According to notices about on-grid tariff adjustment in various regions of the PRC issued by the NDRC, the tariff surcharge was increased to RMB0.0040 per kWh with effect from November 20, 2009. We believe that our wind farms will benefit from the increase in tariff surcharge, which will increase the liquidity of grid companies and their ability to make payments for sales of electricity.

Suppliers

Wind Farm Development and Investment

The primary supply requirements in our wind farm development and investment business are the turbines used in our unconsolidated wind farms. Our unconsolidated wind farms also enter into service contracts for wind power consultancy and design services, engineering and construction services and operation and maintenance services. Our unconsolidated wind farms purchase equipment and services from our own wind power services and manufacturing business as well as from independent third parties using a public tender process. Our wind farms have not in the past experienced any disruption of their operations due to insufficient supply of equipment or services.

The primary operating equipment in our wind farm development and investment business are the turbines used in our wind farms. On average, turbine costs represent approximately 50% to 60% of the total investment costs of our wind farms. Our wind farms source turbines from independent PRC manufacturers. Wind turbines are selected on the basis of price and quality, and, historically, our wind farms have maintained good relationships with their wind turbine suppliers. Our wind farms generally select our turbine suppliers through a bidding process based on factors such as product quality, price, technologies, production capabilities and after-sales support. Our wind farms generally secure the necessary supply of wind turbines, two to three months in advance.

According to the relevant wind turbine sales and purchase agreements, our wind farms are generally required to make advancements in the amount of 10% of the purchase price after execution of the relevant sale and purchase agreement, but no earlier than three months prior to delivery, 50% of the purchase price after receipt of the wind turbine and 30% of the purchase price after inspection and commissioning and being satisfied that all wind turbines supplied under a sales and purchase agreement are in compliance with the agreed specifications. We usually keep 10% of the purchase price as warranty deposit until the expiration of the warranty period.

In addition, when our wind farms purchase wind turbines, they require suppliers to provide warranties and stipulate such warranties in the sales and purchase agreements. The warranty periods range from two to six years in duration starting from the completion of the commissioning and inspection. These warranties typically include: (i) a power curve warranty, which entitles us to liquidated damages or deductions from warranty deposits if the power output falls below a specified level; and (ii) an availability warranty, which entitles us to liquidated damages or deductions from warranty deposits and sometimes extension of the warranty period if the annual availability factor fails to reach a specified rate. In particular, the supplier is obligated to pay us liquidated damages equal

to 1% of the total contract price for each 1% below the specified annual availability factor. In the event that the annual availability factor falls below the specified rate by 5% or more, we are entitled to replacement or refund of the defective wind turbine. Historically, the annual availability factor of our wind turbines have not fallen below the specified rate by 5%. Under the sales and purchase agreements, we also have the right to terminate the relevant sale and purchase agreement by written notice if: (i) the supplier delayed delivery for two months; (ii) the supplier failed to perform its contractual obligations and failed to make remedies within 30 days upon our request; or (iii) there are material defects in the wind turbines, which affect the progress of our wind power project development.

Currently, the principal suppliers of our wind farms include three of the largest turbine manufacturers in the PRC, namely, Goldwind, Sinovel, and Dongfang, which represented 25.0%, 19.5% and 17.7%, respectively, of the PRC wind turbine market, and were the third, fifth and seventh largest turbine manufacturers, respectively, in the world in terms of newly installed capacity in 2009. As of December 31, 2010, our wind farms had installed 248.3 MW of turbines supplied from Goldwind in five of our wind farms in operation, 399.0 MW of Sinovel's 1.5 MW turbines in five of our wind farms in operation, and 346.5 MW of Dongfang's 1.5 MW turbines in seven of our wind power projects in operation, which accounted for 23.3%, 37.5% and 32.6%, respectively, of our total operational capacity as of December 31, 2010. As the wind turbine industry continues to develop, we will continue to evaluate domestic and international suppliers, and continue to only purchase from those suppliers that meet our quality control requirements.

Wind Power Services and Manufacturing

The primary raw material used in the production of wind tower tubes in our tower tube manufacturing business is steel. Our wind power engineering and construction business uses a variety of raw materials and supplies, which primarily include steel and cement. Our wind power consultancy and design business and our wind power operation and maintenance business do not materially depend on supplies of raw materials or equipment.

We source our raw materials through major suppliers located throughout the PRC. For the production of our tower tubes, we have established cooperation relationships with large state-owned steel companies in the PRC, such as Wuyang Iron and Steel Co., Ltd., as well as private steel companies, such as Qinhuangdao Shouqin Metal Materials Co., Ltd. Pursuant to our general contractor agreements, we source construction materials from local suppliers using the provincial price guideline for construction materials as a reference during procurement. However, we do not generally have long-term supply agreements with any of our raw materials suppliers. We believe that we will be able to obtain an adequate supply of steel and other raw materials to meet the requirements of our manufacturing activities and provision of engineering and construction services and operation and maintenance services. Our other suppliers include contractors, generally from our own engineering and construction unit, who provide construction and installation services during the construction of our wind farms. We also purchase step-up transformers, switchgear and cables from suppliers in the PRC.

Customers, Sales and Marketing

We manufacture wind turbine tower tubes, and provide wind power consultancy and design, engineering and construction, and operation and maintenance services to wind power companies. As of December 31, 2010, all of our customers were located in the PRC. The majority of our customer base currently consists of our wind farms and, to a lesser extent, independent third party wind farms. Because the markets for wind farms are relatively concentrated, we currently have a limited number

of customers accounting for a majority of our wind power services revenues. As of December 31, 2010, in addition to our wind farms, our customers in our wind power services and manufacturing business comprised independent third parties, such as China Huaneng Group, China Longyuan and Shanghai Electric, which are large turbine manufacturers, wind farm developers or operators in the PRC.

In our wind power consultancy and design business, the majority of our customers currently are our unconsolidated wind farms. Our customers also include independent third party wind farms. We provide our services, consisting primarily of wind power design and preparation of feasibility study reports, to our customers generally through technology services agreements, project planning report consultancy and feasibility study report consultancy agreements.

In our wind power engineering and construction services business, the majority of our customers currently are also our wind farms. Our customers also include wind power projects owned and operated by third party state-owned energy companies and other wind power developers, such as China Longyuan. We provide our services to our customers generally through construction and installation contracts, mainly pursuant to a competitive bidding process.

In our wind power tube manufacturing business, as of December 31, 2010, approximately 50% of our tower tubes were sold to independent third party power companies and wind farm developers or turbine manufacturers. Purchase orders are generally placed approximately two to six months prior to the scheduled delivery of the tower tubes. Generally, payment is made by our customers on an installment basis according to milestones such as placing of purchase order, raw material purchase, delivery of tower tube. The payment schedules vary from order to order. Typically, approximately 5% to 10% of the purchase price is retained by the purchaser as quality security payable within a specified period after completion of the relevant project, typically 12 months.

As of December 31, 2010, customers of our wind power operation and maintenance business comprised 20 of our wind farms and five independent third-party wind farms. We provide our services to our customers under long-term service and maintenance agreements that have terms up to ten years. We have established several wind farm repair centers in China to provide rapid-response and/or emergency services to our customers.

Competition

Renewable energy businesses, including our wind power business operations, generally compete with other renewable energy sources on the basis of cost-efficiency while continually striving to achieve cost parity with conventional fossil fuel sources. Competition among wind power participants in the PRC is becoming increasingly intense with more domestic companies entering the market.

In our wind farm development and investment business, our major domestic competitors include the wind power projects owned and operated by large state-owned energy companies, including China Longyuan, China Datang Corporation, China Huaneng Group, Beijing Energy Investment Co., Shenhua Guohua, China Power Investment Group, China Guangdong Nuclear Power and Huadian New Energy. All of our leading competitors are state-owned enterprises, which may give them an advantage in securing wind resources, government approvals and low-cost financing from state-owned banks. Certain of these competitors are also customers of our wind power services and manufacturing business. We also face competition from smaller domestic wind farm developers as well as overseas wind farm developers. However, the primary focus of our competition is on securing wind resources and exclusive development rights in suitable sites with favorable wind conditions and existing grid connection infrastructure, as well as securing the necessary government approvals.

In our wind power services and manufacturing business, we face a variety of competition in each of our primary service segments, including:

- design and consultancy services for power generation facilities in the PRC have traditionally been performed by state-owned electric power design institutions, which currently dominate the market;

- in our wind power consultancy and design business, there are the several large provincial state-owned design institutes in the provinces where our projects are located which compete with us;

- in our engineering and construction business, our primary competitors are large state-owned construction companies, many of which have significant resources, but do not specialize in wind power and have historically focused on coal-fired power plants;

- in our operation and maintenance business, there are several potential competitors that have the ability to provide similar services as us including the service departments of turbine suppliers. In addition, many large wind farm operators have developed in-house operation and maintenance capabilities, but have generally focused on servicing their own wind farm operations; and

- in our tower tube manufacturing business, we face regional competition from a number of domestic tower tube manufacturers. The tower tube market remains highly fragmented and segmented by region because of the high transportation costs associated with the long-distance transportation of tower tubes.

We compete with each of our competitors in our services business mainly on the basis of the quality of our products and services, performance, and price. In our manufacturing business, we believe we distinguish ourselves from competitors based on our capability of manufacturing tower tubes for wind turbines with a capacity higher than 1.5 MW. We believe that we will be able to compete effectively with our competitors because of our integrated business model and our cooperation with a diversified number of independent power producers, integrated utilities and diversified energy companies, which distinguish us from our competitors. However, many of our competitors and potential competitors in the domestic and overseas markets have longer operating histories and significantly greater financial, human or technological resources than we do and enjoy greater brand recognition. Moreover, certain of our competitors are developing wind power products or providing wind power services using more advanced technologies. Given that our services are currently provided primarily to our affiliated but unconsolidated wind farms, we have not faced substantial competition in our wind power services and manufacturing business. However, as we increase our services to independent third parties, our competition in this business will increase.

Quality Control

To maintain high quality standards, we have implemented extensive quality control and inspections in our wind power services and manufacturing business. We maintain control over all the manufacturing processes of our tower tubes and carry out quality assurance inspections at the completion of each major step in the wind power services and manufacturing business to ensure the quality of our products and services. We also inspect and test raw materials before they are used in construction or manufacturing. One of our tower tube manufacturing facilities in Baicheng City, Jilin Province has been ISO 9001 certified since December 2009. In addition, our wind power consultancy and design unit has been ISO 9001 certified since September 2010.

Environmental Regulations

Wind power is a renewable energy source which causes less environmental pollution than fossil fuels. Generally, environmental requirements relating to emissions, hazardous substances and waste management do not have a material effect on the operations of wind farms. The construction and operation of wind farms are subject to national and local PRC environmental laws and regulations, including the Interim Administrative Measures on Utilization of Construction Land of Wind Farm and Environmental Protection.

Environmental laws and regulations in the PRC require projects and manufacturing facilities to undergo an environmental impact assessment by qualified third parties. The assessment report must be approved by the relevant environmental authorities before the commencement of construction. The approval, along with other specified documents, must be filed with the relevant construction administration authorities. Environmental impact assessments are conducted throughout the design and construction phases to determine the most appropriate configuration of the facility based on its location. Upon completion of each project or facility, the relevant environmental authorities inspect the site for compliance with applicable environmental protection requirements.

To ensure our compliance with the relevant environmental regulations, we established an environmental department based in our offices in Beijing in 2010. We believe that we are in compliance in all material respects with applicable environmental protection laws and regulations. As of December 31, 2010, we have not been subject to any material proceedings or fines for environmental violations.

Health and Safety Compliance

All of our wind farms and each of our wind power services and manufacturing businesses have adopted various internal policies and taken protective measures to prevent health and safety risk and hazards. As of December 31, 2010, our wind farms and other facilities have not encountered any material unplanned outages due to health and safety issues.

As of December 31, 2010, we have complied in all material respects with the applicable PRC laws and regulations on health and safety and implementation rules on safe production issued by various local governments in the places where we operate. We have not been subject to any fines or administrative actions involving non-compliance with any relevant regulations, nor have we been required to take any specific compliance measures.

Intellectual Property

Our intellectual property consists primarily of industry know-how and trade secrets. We do not have any registered patents or trademarks in the PRC. As of December 31, 2010, we have not been the subject of any legal actions by third parties for violations of their intellectual property rights. We are also not aware of any unauthorized use by third parties of intellectual property that we own, or violations by us of the intellectual property rights of third parties.

Insurance

We maintain property all risks insurance for our construction and engineering subsidiary and consultancy subsidiary. We also maintain personal accident insurance for the employees of our manufacturing subsidiary. Under our general contractor agreements, we generally maintain personal

injury insurance for our employees and contractor's plant and property insurance in connection with each construction project, while the wind project company is generally responsible for maintaining all risks insurance for installation work, third-party insurance policies for the project's construction site and personal injury insurance for their employees.

Consistent with what we believe to be customary practice in the PRC, we do not maintain machinery breakdown insurance, business interruption insurance and product liability insurance for our operations or that of our wind power projects. We believe our insurance coverage is adequate and customary for companies of comparable size in the PRC wind industry. However, we may incur losses beyond the limits, or outside the coverage, of such insurance policies, and we cannot assure you that such existing insurance policies are sufficient to insulate us or our wind project companies from all losses and liabilities that may be incurred in our operations.

Properties

Our corporate headquarters are located in Hong Kong at Suite 3901, Far East Centre, 16 Harcourt Road, Admiralty. We also have a branch office located in Beijing at China Windpower Building, No. 9 South Shouti Road, Haidian District. In addition, our subsidiaries hold land use rights and building ownership rights for or lease various office and operating facilities. We believe that our existing facilities are adequate and suitable to meet our present needs and that additional space can be obtained on commercially reasonable terms to meet our future requirements. The following table sets forth a description of our material properties.

Operating Unit and Facility Type	Location	Owned/ Leased/Granted	Expiration Date of Land Use Rights or Lease	Approximate Square Meters
Headquarters	Hong Kong	Leased	June 30, 2012	200
Beijing branch office	Beijing	Granted land	August 30, 2044	5,673
(including consulting and design and operation and maintenance units)	Beijing	Owned properties	—	5,673
Beijing branch office and wind power services (including engineering and construction unit)	Beijing	Leased	February 21, 2013	1,548
Tower tube manufacturing	Changchun and Taonan, Jilin Province	Granted land	2013	28,274.2
	Changchun and Taonan, Jilin Province	Owned properties	—	28,274.2
	Changchun, Jilin Province	Owned properties	—	265.7
Operation and maintenance	Fuxin, Liaoning Province	Owned properties	—	12,450
Gansu Guazhou Wind Power Co., Ltd.	Guazhou County, Gansu Province	Leased properties	September 2011	711
	Guazhou County, Gansu Province	Granted land	October 26, 2059	298,519

We also hold certain parcels of land reserved for future wind power project construction sites for which we do not hold land use rights certificates.

Employees

The following table sets forth the number of our employees by function as of December 31, 2010.

	Number of Employees	
	Hong Kong	**China**
Operational and senior management	6	145
Project development and management	—	243
Consultancy and design	—	59
Engineering and construction	—	169
Manufacturing	—	411
Operation and maintenance	—	305
Total	6	1,332

Staff remuneration packages comprise salaries, employee benefits and discretionary bonuses, including share options under a share option scheme, which is valid until April 15, 2017. Under the share option scheme, we may issue a total of 727,833,996 share options up to 1% of the shares then in issue in any given twelve-month period. As of December 31, 2010, we have granted approximately 290,080,000 share options, of which 264,165,000 shares options are outstanding.

As required by PRC regulations, we participate in various employee benefit plans that are organized by municipal and provincial governments, including pension, work-related injury benefits, maternity insurance, medical and unemployment benefit plans. We are required under PRC law to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain advances of our employees, up to a maximum amount specified by the local government from time to time. Members of the retirement plan are entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date.

In addition, we operate a defined contribution Mandatory Provident Fund retirement benefits scheme, or the MPF Scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for our eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries. The assets of the MPF Scheme are held separately from our assets in an independently administered fund, and our employer contributions vest fully with the employees when contributed into the MPF Scheme.

We believe we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting or retaining staff for our operations.

Legal Proceedings

To the best knowledge of our Directors, there are no material legal proceedings, regulatory inquiries or investigations pending or threatened against us as of the date of this offering memorandum. However, we may from time to time be subject to various legal or administrative proceedings arising in the ordinary course of our business.