*You should consider carefully all of the information set out in this prospectus and, in particular, should evaluate the following risks in connection with an investment in the Offer Shares before making an investment. You should pay particular attention to the fact that we are a company incorporated in the PRC and most of our business is conducted in the PRC. There are risks associated with investing in the H Shares not typical of investment in the capital stock of companies incorporated and/or engaging in business in Hong Kong or the United States. Any of the risks and uncertainties described below could have a material adverse effect on our business expansion, results of operations, financial condition or the trading price of the H Shares, and could cause you to lose your investment.*

*We believe that there are certain risks involved in our operations and the Global Offering. Many of these risks are beyond our control and can be categorized into: (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to the PRC; and (iv) risks relating to the Global Offering.*

## RISKS RELATING TO OUR BUSINESS

***We may be affected if the government reduces or ceases its support and encouragement of the wind power industry.***

In recent years, the PRC Government has promulgated a series of laws and regulations to support and encourage the development of wind power. These include *The Renewable Energy Law of the PRC, Medium-to-Long Term Development Plan for Renewable Energy, Notice of the NDRC on Related Requirements for the Administration of Wind Power Construction,* and *Notice of the NDRC on Perfecting the Policy Governing the Price of Wind Power Sold to the Grid*. These laws, regulations and policies directly affect the prospects of the domestic wind power industry and wind power equipment manufacturing industry and are major factors that affect the demand for our products.

The level of acceptance of wind power as a viable form of renewable energy by the government agencies that establish energy policies as well as the general public in markets in which we operate has a significant effect on us. The direct or indirect reduction or termination of such government support may have a negative impact on the PRC wind power market. In the event of changes in the support by the PRC Government of the industry in which we operate, or changes to the policies associated with our industry, our operations may be affected. Moreover, changes in government policies and support in those countries to which we plan to expand our business may also affect us. In the event of changes in these preferential policies by the PRC Government and/or the relevant authorities of other markets in which we intend to operate or changes in the level of public acceptance for wind power in such markets, wind power may become less attractive, and this could have a material and adverse effect on our business, results of operations and prospects.

***We may not be able to continue our rapid growth and implement our business expansion plans successfully.***

We have experienced significant growth in terms of production capacity, revenue and profits during the Track Record Period. We plan to secure further growth by increasing our sales, expanding the geographical coverage of our production bases, researching and introducing more advanced WTGs, improving the performance of our products, exploring business opportunities for our wind power services and wind farm investment, development and sales business, and expanding our international operations. The success of our plans for growth depends on certain factors, including, but not limited to, our ability to expand, construct or operate our production bases; implement and manage our business expansion plans; secure financing necessary for business expansion; operate in an efficient manner; maintain and expand our existing customer base; manage relationships with suppliers; ensure timely and sufficient supply of parts and components; hire, train and retain qualified personnel and deal with challenges that may arise in new and existing markets and business areas. Some of the above factors are beyond our control. Although we have commenced active efforts in all the abovementioned areas, if we fail to successfully implement our business expansion plans, maintain and further enhance our domestic and international market share, further increase sales and promote newly developed products, develop businesses with strategic significance, or, if we encounter difficulties in any of the foregoing, our growth, business prospects, results of operations and financial condition may be materially and adversely affected.

Moreover, substantial capital is necessary for the construction, maintenance and operation of new facilities, equipment purchases and R&D of new products and technologies. During the Track Record Period, our total capital expenditures were RMB395.8 million, RMB2,043.0 million, RMB2,078.3 million and RMB569.0 million, respectively. If we fail to obtain adequate financing on acceptable terms, we may not be able to sufficiently fund our operations or implement our expansion strategy. As a result, we may be forced to adopt alternative strategies that may include delaying capital expenditures, refinancing of our indebtedness or seeking equity capital. These may subject us to loss of market competitiveness and future revenues, and thus materially and adversely affect our results of operations and financial condition.

***We face intense competition in our major markets.***

We face increasingly intense competition in the markets in which we operate. Now and in the near future, most of our business will continue to be concentrated in the PRC. The PRC wind power industry has seen rapid development since the introduction of a series of wind power incentives in 2005, and compared to 2004, when the PRC wind turbine market was dominated by eight or nine Chinese and international suppliers, there are now more than 80 wind turbine manufacturers that have entered the PRC market. Although the supply of WTGs in the PRC had in the past fallen short of demand, the production capacity for WTGs has exceeded demand recently as a result of the rapid increase in the number of wind turbine suppliers and the expansion of production facilities. Some of these manufacturers may have greater financial, sales and marketing, R&D, personnel, or other resources than us. Some of these new market entrants may achieve immediate market share through leveraging existing business relationships and acquisition of wind turbine technologies from third parties. Our competitors may also respond more quickly to changes in technology or customer requirements, or offer similar products at prices lower than ours. Furthermore, as defects in WTGs and wind power services may not appear in the early stages of using the product or service, new market entrants who may produce products or provide services of sub-standard quality may market their products and services for an extended period of time before potential customers can gain actual knowledge of the quality of their products and services. All of the foregoing factors have intensified market competition, and we may face pressure in product pricing and competition for orders. In particular, our historical WTG ASP are not necessarily representative of future trends for our product pricing, and we may adjust our selling prices downward due to pricing pressure. Any adverse or unforeseen change in our competitive environment may have a material and adverse effect on our business, results of operations, financial condition and prospects.

***We may not be able to obtain timely and stable supply of the core parts and components required for our business.***

Most of our parts and components are purchased domestically. Due to the relatively high technical threshold for the production of certain core parts and components, the number of qualified suppliers in the PRC is limited. To reduce the impact of this, we have in-house capability to develop, design and manufacture certain core parts and components. We also own shares of some promising parts and components suppliers, and we maintain close relationships with external suppliers that are able to manufacture and supply parts and components required by our WTGs in accordance with our technical parameters and quality standards.

Although we have long-term relationships with most of our suppliers and believe that we are able to purchase the requisite parts and components on reasonable commercial terms from other qualified suppliers when necessary, we cannot assure you that the suppliers can meet all of our specified quality standards and technical specifications for increasing quantities in a timely manner and at acceptable prices. If our existing suppliers materially reduce or cease supply of parts and components to us, and we fail to source the parts and components that satisfy our quality standards and requirements from other suppliers, our business operations and financial performance may be materially and adversely affected.

***A significant portion of our revenue is derived from our major customers and changes in their requirements may have a material and adverse effect on our business.***

As most of our customers are China's large power producers and other enterprises investing in renewable energy, our customer base is relatively concentrated. For each of the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, sales to our five largest customers in aggregate accounted for 39.8%, 37.7%, 38.7% and 35.9% of our total revenue, respectively. We anticipate that the revenue derived from these major customers will continue to represent a significant proportion of our total revenue in the future. If our customers, including our five largest customers, experience negative changes in their business, adjust their investment strategies or slow down the growth rate of their investment in wind power, it may result in a reduction or cessation of their purchase orders with us. If we fail to obtain a comparable level of purchase orders from new customers, our business, results of operations and financial condition may be adversely affected.

***We may not be able to develop new products that meet changing market demands or successfully introduce new products in a timely manner.***

WTG technology evolves rapidly. WTG unit capacity is progressively increasing with improved operational performance, and our customers are demanding more cost-effective WTGs. To maintain our market-leading position, we will be required, on a rapid and consistent basis, to design and develop new and improved WTGs that keep pace with technological developments in order to meet the higher demands of our customers. Therefore, we have devoted substantial resources to our R&D activities. However, we cannot assure you that our R&D activities will yield the anticipated results. If we encounter delays in technology development, fail to meet changing market demands or successfully introduce newly developed products to the market, and our competitors respond more rapidly than we do, our business, financial condition and results of operations may be materially and adversely affected.

***We may not be able to adequately protect our intellectual property rights.***

We rely primarily on patents and proprietary technologies to protect our technological know-how, which includes designs and technologies for our products and core components. Furthermore, certain know-how cannot be registered, and we rely on confidentiality and trade secrets protection obligations of our suppliers and employees to protect this know-how. We are also applying for the registration of certain trademarks and patents. Please see the section entitled "Business — Intellectual Property" in this prospectus for more details. We cannot assure you that these measures will be sufficient to prevent any infringement of our intellectual property rights or that our competitors will not independently develop alternative technologies that are equivalent or superior to our technologies. Furthermore, we cannot assure you that all our registration applications will be successful, or our registered intellectual property rights will not be subject to any objection. In the event that the steps we have taken and the protection afforded by law do not adequately safeguard our intellectual property rights, or we are not able to register or defend our intellectual property rights, our competitors may exploit our intellectual property in the manufacturing and sale of competing products, which could materially and adversely affect our business.

***If we fail to maintain an effective quality control system, our product quality and thus our business may be materially and adversely affected.***

The performance, quality and safety of our products are critical to our customers, our reputation and ultimately, our success. Accordingly, we have established and maintained stringent quality assurance standards and inspection procedures, including quality control of the parts and components purchased from external suppliers. Our quality control system has been accredited the ISO 9001:2008 certification. Please see the section entitled "Business — Quality Assurance" in this prospectus for further details. The effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs and the mechanism to ensure our employees' adherence to our quality control policies and guidelines, especially our ability to monitor and manage our supplier quality system. If we fail to maintain an effective quality control system, we may produce defective products that expose us to product liabilities and warranty claims. As a result, our reputation and relationships with existing customers may be undermined, and our business may be materially and adversely affected.

***If we fail to effectively control costs, in particular the costs of parts and components, our results of operations and financial condition may be materially and adversely affected.***

In order to maintain our competitiveness and achieve profitability, we must effectively control our costs. A significant portion of our business with our customers is conducted pursuant to fixed price contracts, awarded on a competitive bidding basis. The profit margins realized on such fixed price contracts may vary from original estimates as a result of changes in costs and production volume over their term due to factors such as changes in the costs of components, materials or manpower, difficulties in obtaining adequate financing, unanticipated technical problems with parts and components being supplied, project or schedule modifications, delays caused by local weather conditions and suppliers' failure to fulfill their obligations. All of our revenue during the Track Record Period was derived from fixed price contracts.

Among these, fluctuations in the purchase prices of parts and components are a key factor affecting our costs. The parts and components used for manufacturing WTGs require substantial amounts of steel, copper, various other metals and composite materials. The prices and availability of these materials may be affected by factors beyond our control, including global demand for and supply of such materials, inflation and local economic cycles, price control measures imposed by the government or private companies, international geopolitical issues and instability of the government of the exporting countries. We experienced fluctuations in the prices of raw materials during the Track Record Period, and an increase in their prices may cause our costs to increase. For instance, a significant fluctuation in the prices of raw materials in 2008 affected the prices of the parts and components required for our products. During the contractual term, it is difficult to predict price trends of raw materials, and price fluctuations in raw materials may have a material and adverse effect on our financial condition and results of operations. We do not hedge our exposure to movements in the prices of steel, copper, rare earth materials and other raw materials. We are thus exposed to the risk of increases in the prices of these raw materials and components and to the extent we cannot pass on the price increases in these raw materials and components to our customers fully or in part, our business and financial condition could be affected. Although we believe that our resources, experience and project management skills allow us in most cases to estimate costs accurately and to control costs effectively, there can be no assurance that we will realize expected profits from all of our fixed price contracts. In the event this occurs, our results of operations and financial condition may be materially and adversely affected.

***Our revenue may fluctuate through the year due to seasonality of business.***

During the Track Record Period, our customers were located primarily in the northern part of China, where, due to weather conditions, the construction of wind farm projects tends to commence at the beginning of the year, with construction carried out through the year, and installation at the end of the year. Consequently, the quantity of our WTGs delivered and sales revenue in the third and the fourth quarters are generally greater than in the first and second quarters. As our revenue fluctuates seasonally, our interim financial results may not reflect our financial results or performance for the entire year, such as our net operating cash outflow of RMB1,503.7 million for the six months period ended June 30, 2009 as compared to our net operating cash inflow of RMB1,301.8 million for the year ended December 31, 2009, and our net operating cash outflow of RMB2,762.6 million for the six months ended June 30, 2010. Comparisons of sales and operating results between different periods in a single financial year for our business segments, or between the same periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of our performance. We try to mitigate the influence of such seasonal factors by increasing sales to other regions in the PRC and managing delivery schedules. The seasonal nature of our revenue requires us to control our operating capital carefully so as to provide our business with adequate cash for operations. Failure to manage seasonality in our business may cause our revenue and financial condition to be materially and adversely affected.

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

We are subject to various PRC taxes, including the current statutory PRC enterprise income tax of 25% as determined in accordance with the relevant PRC tax rules and regulations. Please see the appendix entitled "Appendix V — Taxation and Foreign Exchange" to this prospectus for further details. However, PRC national and local tax laws provide certain preferential tax treatments applicable to different enterprises, industries and locations. Our Company and some of our subsidiaries are currently taxed at preferential rates due to the nature of our business activities and the location of our projects. For instance, our Company has been accredited as a high and new technology enterprise and is presently entitled to the preferential enterprise income tax rate of 15%. Please see the section entitled "Financial Information — Results of Operations for the Track Record Period — Income Tax" in this prospectus for further details. Termination or revision of any such preferential tax treatments may materially and adversely affect our results of operations and financial condition.

***Failure to fulfill customer orders due to delays in our production process may have a material and adverse effect on our business prospects, results of operations and financial condition.***

The manufacturing and sales of our WTGs involves purchases of parts and components, assembly of the units, and transportation of finished products. Any unexpected delay in the process may affect our ability to deliver products on time. We cannot assure you that we can always fulfill customer orders on time. In addition, we provide letters of guarantee to our customers for our fulfilment of sales contracts. Please see the section entitled "Financial Information — Contingent Liabilities" in this prospectus for more details. Any failure to fulfil customer orders due to delays in our production process may affect our current sales, and undermine our reputation and market position and thus the quantity of future orders. Further, we may be subject to substantial contractual penalties or obligations in connection with the letters of guarantee we have provided. Any of these may have a material and adverse effect on our business prospects, results of operations and financial condition.

***Clauses in our contracts with customers may be modified.***

We sign contracts with our customers for the supply of our WTGs. However, we cannot assure you that our customers will not modify the clauses in our existing contracts due to delays in the execution of contracts and for other reasons, in particular with respect to the price, quantity and delivery time. This could occur due to factors beyond our control or the control of our customers, such as general changes in industry market prices, adverse economic conditions or difficulties in obtaining required government approvals and permits. Any material adverse change in contract clauses, such as price decreases, reduction of order quantity or change of delivery time, or difficulties encountered in performing the contracts may have a material and adverse effect on our results of operations, financial condition and cash flows.

***Availability of credit and fluctuations in the interest rates of our bank borrowings and other loans may affect our business expansion or financial performance.***

We have obtained bank loans to support our business expansion and provide financing for our development of wind farms. As at December 31, 2007, 2008 and 2009 and at June 30, 2010, we have had RMB470.0 million, RMB87.4 million, RMB332.2 million and RMB289.3 million working capital-related bank borrowings and other loans and RMB153.0 million, RMB1,244.3 million, RMB2,291.8 million and RMB2,632.9 million project-related bank loans outstanding, respectively. As at the same dates, the effective interest rates associated with our working capital-related bank borrowings and other loans were 6.0%, 4.3%, 4.3% and 2.9%, respectively, and the effective interest rates associated with our project-related bank loans were 7.8%, 8.4%, 5.3% and 5.6%, respectively. Due to the economic stimulus plan implemented by the PRC Government and the global economic crisis, the one-year RMB benchmark loan rate was reduced several times in 2008. We believe that this interest rate may increase as the Chinese economy recovers from the global economic crisis. Our interest expenditure may increase significantly in the future, which may have a material and adverse effect on our financial performance.

In addition, the PRC Government has recently adopted a number of measures in monetary policy, including increasing the reserve ratio of commercial banks, which may have the effect of restricting money supply and the availability of credit. If these measures result in PRC banks reducing their volumes of commercial loans, our access to financing to fund our business expansion may be adversely affected.

***We may not be able to obtain wind farm projects with suitable wind resources or realize the expected profit from our development of wind farm projects.***

The sustainable development of our wind farm investment, development and sales business depends on many factors, in particular, our ability to continuously obtain wind farm projects with suitable wind resources. Although we are actively engaging in the overseas expansion of our wind farm investment, development and sales business, our activities remain concentrated in the PRC market. We believe that, as the development of wind farm projects in the PRC increases and competition for premium quality wind farm projects grows, such premium quality wind farm projects will be more difficult to obtain. Moreover, even if we succeed in obtaining suitable wind farm projects and in developing these projects, there can be no assurance that we will be able to successfully complete construction of our wind farm projects or sell our completed wind farm projects, or that the wind farm projects we develop and sell will generate the expected profits. If we fail to obtain suitable wind farm projects or realize the expected profit from our development of wind farm projects, our business, profitability and prospects may be materially and adversely affected.

***Our results of operations may be materially and adversely affected if we fail to retain or hire qualified personnel at reasonable costs.***

The success of our products depends on our ability to retain qualified R&D, production, quality control and after-sales service and operations personnel. These departments require the continued service of our skilled personnel and our ability to recruit additional skilled personnel in the future. Due to the rapidly growing demand for qualified personnel in China, competition for such personnel is intensifying. If we fail to retain or hire qualified personnel, we may experience difficulties in developing new products, applying new technologies, expanding production capacities, maintaining product quality or providing our customers with quality after-sales services, which may in turn have a material and adverse effect on our business and reputation.

In addition, due to our relatively complex production process, it generally takes three to five months to train newly employed workers so that they may acquire the necessary skills, and some skilled workers are not easily or quickly replaceable. Hence, if a significant portion of our technically skilled workers terminate their employment relationships with us in a short period of time, we may encounter interruption of our production or services, which may substantially impact our operations.

Moreover, in the global context, labor costs in China are relatively low. This is one of our competitive advantages over foreign competitors. In the event of significant increases in the salaries of qualified personnel in the areas we operate in the PRC market, our labor cost may significantly increase and our profit margins and market competitiveness may be materially and adversely affected.

***Our success depends on the stability of our senior management team and successful implementation of our management incentive system.***

The experience and leadership of our senior management team have been critical to our success, especially with regard to our development strategy and R&D. For more information about our senior management, please see the section entitled "Directors, Supervisors and Senior Management" in this prospectus. Moreover, our management incentive system is one of the key factors that contributes to retaining our senior management team and allowing us to gain the most from their talents. Our future growth will require us to maintain a stable and competent senior management team, in particular, ensuring the continued service of our chairman and chief executive officer, Mr. Wu Gang. The competition for qualified senior management is intense. If we lose the services of any of these key management personnel, or fail to recruit and retain new talent, or fail to maintain an attractive management incentive system in the future, our planned growth may not be realized and our business prospects, results of operations and financial condition may be materially and adversely affected.

***Our international marketing and sales plans and strategies may not yield the desired results.***

While most of our sales revenue is generated from the PRC, we are actively developing our overseas businesses. This involves setting up sales offices, marketing activities, establishment or acquisition of production facilities, construction or acquisition of wind farms, provision of wind farm services and other activities. Some of our recent efforts abroad include establishment of a production base at the headquarters of our subsidiary in Germany and commencing sales of our products in Europe, setting up branches in the United States and Australia to conduct market research and client development activities as well as the successful completion of a demonstration wind farm project in the United States to build up our track record there. Please see the section entitled "Business — Sales and Marketing" in this prospectus for more details on our overseas marketing activities. There is no assurance that our overseas growth strategies will be implemented successfully. Our global business expansion, being pursued through our branches in the United States, Australia and Germany, may be hindered by risks such as: low demand for our products, lack of a track record in these markets, lack of availability of overseas financing on suitable terms to fund our international expansion, possible difficulties in the management of overseas personnel and business operations including a potential increase in labor costs due to our overseas expansion, lack of understanding of the local business environment, financial and management system or legal system, volatility in currency exchange rates, potentially more stringent product liability requirements, cultural differences, changes in political, regulatory or economic environments in the foreign countries or regions, as well as restrictions on foreign trade. Also, in certain markets, WTG manufacturers may be required to provide specific product warranties in order for the relevant wind farm developers to receive financing for their wind farm projects. We have provided warranties to our overseas customers, but in the event our warranties are deemed not to be in line with the requirements of financing providers in overseas markets, our customers may not be able to obtain the relevant financing, which would then affect their demand for our products and services. If we fail to manage the above risks effectively, our global expansion may be hindered, which may in turn result in a material and adverse effect on our business prospects, results of operations and financial condition.

Moreover, the fluctuation in the global economy in the second half of 2008 resulted in credit tightening, an increased unemployment rate and liquidity problems for many industries. This had a material and adverse effect on the U.S. and other major economies and led to a global economic downturn, which may affect our expansion plans in the global market.

***If we are unable to obtain power generation business licenses for wind farms that we own and operate, there may be a material and adverse effect on our business.***

*The Renewable Energy Law of the PRC* clearly stipulates that power grids shall fully acquire wind power electricity. In accordance with the Provisions for the Administration of Electric Power Business Licenses issued in 2005, unless otherwise provided by SERC, a company may not engage in power generation, transmission, dispatch and sales without obtaining an electric power business license. In particular, our PRC legal advisor confirmed that, as further stipulated by the Notice on Expediting the Issuance of Electric Power Business Licenses, power generating projects which became operational after August 1, 2006 shall obtain a power generation business license within three months from the commencement of operations. In the power industry, power generating projects begin trial operation after completion of construction, apply for the license upon completing the trial operation period, and since the processing time by the relevant PRC authorities of an application for a power generation business license tends to be relatively long, continue to operate after the application is submitted. The trial operation period is generally assumed to comprise 240 hours but is subject to various factors including weather conditions and the actual period of operation usually ends up being longer. Prior to obtaining this license, income generated from operation of wind farms may be confiscated and fines up to an amount five times of such income may be imposed. As at the Latest Practicable Date, we had not obtained the power generation business license for one wind farm located in Keshiketengqi, Inner Mongolia, which we currently own and started operating in June 2010. As we will continue to own and operate wind farms in the future, we will use our best endeavors to ensure compliance with the relevant laws and regulations as applied by the relevant regulatory authorities in the PRC and obtain the power generation business licenses for our wind farms in the future. If we are unable to obtain the requisite power generation business licenses, there may be a material and adverse effect on our business, including the forfeiture of revenue, imposition of fines or cessation of operations at the wind farms.

***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. Please see the section entitled “Business — Properties” in this prospectus for further details. There can be no assurance 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 buildings 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, results of operations and financial condition.

***We are subject to the risk of product liability claims and in some cases may not have sufficient insurance coverage.***

Although we have purchased insurance coverage, due to the complex technical specifications of our products, we may be subject to substantial product liability claims due to quality defects or shutdown resulting from malfunctions of our WTGs. Moreover, we provide customers with contractual warranties for the operating performance of our WTGs. After preliminary inspection, we normally provide a guarantee amounting to 5.0% to 10.0% of the total contract price to our customer against fulfilment of our warranty obligation. The warranty period of our products is generally 24 months from the day on which the preliminary inspection certificate is issued, and in a few instances, the warranty period may be 30 to 60 months. As at June 30, 2010, our total amount of warranty provision outstanding was RMB608.0 million. Our Directors are of the view that we have made adequate provisions for product quality warranties. If our products fail to meet these quality standards and technical requirements during the warranty period, or if, after expiration of the warranty period, significant product defects are discovered, or technical defaults which result in WTG downtime occurring, or the performance of our products falls below the requisite technical standard, we may be exposed to warranty expenses and costly product liability claims or litigation. As at the Latest Practicable Date, we have not been sued for any mechanical failure, accident, breach of warranty or product fault. Although we have purchased product insurance coverage for the warranty period, there may be difficulty in receiving compensation from the insurance companies, or the processing time may be lengthy or we may not be able to receive sufficient compensation to cover our liability or damages in full. If we fail to receive compensation from the insurance companies for our losses, our business, results of operations and financial condition may be materially and adversely affected.

***Substantial damage to persons or loss of property may occur in the course of our production and construction processes.***

Our production and construction processes involve dangerous activities, including aerial, engineering and routine construction works. We are required to comply with the necessary safety requirements and standards. Please see the section entitled “Business — Safety and Environmental Protection” in this prospectus. Risks associated with our production and construction activities include work injury accidents or geological hazards, which may result in personal injuries or fatalities and damage to property and equipment. Accidents related to any of these may result in personal injury claims, subcontractor claims, cessation of business, or civil and criminal penalties. We may also be liable for claims from third-party contractors. We do not maintain third party liability insurance in respect of our operations as it is neither industry practice nor a mandatory requirement under PRC law. If we incur substantial losses or liabilities due to the above reasons and our insurance coverage is unavailable or inadequate to cover such losses or liabilities, our results of operations and financial condition may be materially and adversely affected.

***Our production and operations may be affected by factors beyond our control.***

Our manufacturing business may be interrupted for reasons beyond our control, which may include such natural disasters as bad weather conditions, flooding, cyclones, typhoons, blizzards, snowstorms, landslides, earthquakes, and fire, as well as labor strikes, union strikes or social turmoil. Any major interruption of our business may have a material and adverse effect on our ability to manufacture and sell products or provide services. The transportation of WTGs and the construction, operation and maintenance of wind farms may be affected by bad weather conditions; in particular, in remote areas of China, the transportation of WTGs may be affected by poor infrastructure. If any of such events takes place, there may be a material and adverse effect on our production capacity, business, results of operations and financial condition.

## RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

***If major breakthroughs in other renewable energy technologies result in these technologies being superior to wind power, or the utilization of wind power is affected by the unpredictability of local weather conditions, demand for wind power projects may be affected.***

The cost and social effects of wind power may affect the demand for wind power projects. Wind power is currently considered to be the most cost-competitive source of renewable energy, with improving technology and decreasing cost. However, in the event of improved cost competitiveness of other forms of renewable energy or major breakthroughs in other forms of renewable energy, such alternative forms of energy may become more attractive than wind power and, accordingly, demand for wind power may then drop significantly.

Moreover, the amount of wind power generated depends significantly on local weather conditions. As the status of wind resources may change, the effective utilization of wind power may be affected. This may result in a shift in demand toward other forms of renewable energy, such as solar, geothermal and tidal. If any of the above factors takes place, the wind power industry may be affected, and this may have a material and adverse effect on our business prospects, results of operations and financial condition.

***The lack of grid infrastructure may restrict or otherwise affect the development of wind farms and the timing of their development and therefore affect our ability to maintain or increase our historical level of operations, and the timing of revenue recognition from those operations.***

Wind farm sites are selected primarily with reference to wind resources. Many wind farms are far from major cities, making it difficult to transmit electric power to the major markets where demand for electric power is higher. To transmit electric power to areas of high demand in China, it will be necessary to build more grid infrastructure. As such infrastructure is expensive and has a large geographical span, the construction of wind farms requires adequate investment in and centralized planning of supporting grid facilities. The lack of grid infrastructure may restrict or otherwise affect the development of wind farms through preventing or delaying new construction or limiting the size of new wind farms. This may have a material and adverse effect on our ability to maintain or increase our historical level of operations, and the timing of revenue recognition from those operations.

***Demand for wind power is dependent upon the overall demand for electric power, and if the overall demand for electric power declines because of an economic downturn in the major markets, our business will be affected.***

Demand for wind power is closely related to overall demand for electric power. As the economy grows, economic activities such as industrial production and private consumption tend to grow, therefore increasing the demand for electric power. When the economy is in recession, however, activities such as industrial production and consumer demand may drop or come to a standstill, thereby decreasing the demand for electric power, including electric power generated from renewable energy. If the economy of the PRC, the United States and other major international markets no longer grows, or declines, there may be a drop in demand for electric power, including power generated from renewable energy such as wind power. This would have a material and adverse effect on our business, results of operations and financial condition.

## RISKS RELATING TO THE PRC

The majority of our assets are located in the PRC and most of our revenue is derived from the PRC. Hence, our business operations and prospects are to a large extent affected by the economic, political and legal developments in the PRC.

***Changes in the economic, political and social conditions in the PRC may have a material and adverse effect on our results of operations and financial condition.***

The Chinese economy differs from that of most of the developed countries in many respects, including the degree of government involvement, control of capital investment, as well as the overall level of development. The PRC Government is committed to the continued reform of the economic system as well as the structure of the government. The PRC Government's reform policies have emphasized the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been achieved in economic development, and enterprises have enjoyed an improved environment for their development. However, any changes in the PRC's political, economic and social conditions may have a material and adverse effect on our present and future business operations, results of operations and financial condition.

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

Most of our revenue is derived from sales in the PRC. We rely on domestic demand for electric power, especially 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 results of operations and financial condition.

***The PRC's legal system is still evolving, there exist uncertainties as to the interpretation and enforcement of PRC laws, and PRC laws are different from those of common law countries.***

Our Company is incorporated under the laws of the PRC and most of our activities are conducted in the PRC, hence our business operations are regulated primarily by PRC laws and regulations. PRC laws and regulations are based on written statutes, and past court judgments may be cited only for reference. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing economic matters, such as in foreign investment, company organization and management, business, tax and trade. However, as these laws and regulations are still evolving, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement.

In addition, the PRC Company Law is different in certain important respects from company laws in common law countries or territories such as Hong Kong and the United States, particularly with regard to investor protection, including areas such as derivative actions by shareholders and other measures protecting non-controlling shareholders, restrictions on directors, disclosure obligations, variations of class rights, procedures at general meetings and payments of dividends. Protection for investors under the PRC Company Law is increased, to a certain extent, by the introduction of the Mandatory Provisions and certain additional requirements that are imposed by the Listing Rules with a view to reducing the scope of differences between the company laws of Hong Kong and the PRC. The Mandatory Provisions and those additional requirements must be included in the articles of association of all PRC companies applying to be listed in Hong Kong. The Articles of Association have incorporated the provisions in the Mandatory Provisions and the Listing Rules. Despite the incorporation of those provisions, there is no assurance that you will enjoy an equal level of protection that you may be entitled to when investing in companies incorporated in common-law jurisdictions.

***The recurrence of Severe Acute Respiratory Syndrome or an outbreak of other epidemics, such as bird flu or Type A H1N1 influenza, may materially and adversely affect our results of operations and financial condition.***

Certain areas in the PRC, including the areas in which we operate, may be prone to infectious diseases such as Severe Acute Respiratory Syndrome, or SARS, H5N1 bird flu or Type A H1N1 influenza. The outbreak of infectious diseases in the past, depending on their scale, has damaged the regional and national economies in the PRC. In the case of a recurrence of SARS or other infectious diseases, especially in the areas in which we or our customers operate, the production and installation of WTGs, and the development, investment, operation and servicing of wind farms may be seriously affected, and there could be a material and adverse effect on our business prospects, results of operations and financial condition.

***Government control over the conversion of foreign exchange may affect our results of operations and financial condition.***

The Renminbi is not currently a freely convertible currency. As our operations are primarily conducted in the PRC and substantially all of our revenue is denominated in RMB, fluctuations in the RMB exchange rate against other currencies did not have a material impact on our results of operations during the Track Record Period. However, as we expand our business into international markets, our overseas income and expenditures may increase, so we anticipate our exposure to fluctuations in foreign exchange will increase.

Pursuant to existing foreign exchange regulations in the PRC, we are allowed to carry out current account foreign exchange transactions (including dividend payouts) without submitting the certifying documents of such transactions to SAFE for approval in advance as long as they are processed by banks designated for foreign exchange trading. However, foreign exchange transactions for capital account purposes, including direct overseas investment and various international loans, may require the prior approval or registration with SAFE. If we fail to obtain SAFE's approval to convert RMB into foreign currencies for such purposes, our capital expenditure plans, business operations and subsequently our results of operations and financial condition could be materially and adversely affected.

***We face foreign exchange and conversion risks, and fluctuation in the value of the RMB may have a material and adverse effect on our business and your investment.***

The exchange rate between the RMB and the U.S. dollar and other currencies may fluctuate from time to time and be affected by, among other things, changes in China's political and economic environment. Presently, the RMB is no longer only pegged to the U.S. dollar, but is subject to a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. We cannot predict how the RMB will fluctuate in the future. We face foreign exchange and conversion risks primarily through sales and procurement that are denominated in currencies other than the RMB. If the exchange rate of the RMB against other related foreign currencies were to appreciate, our export prices would increase, and the competitiveness of our products in comparison with products manufactured in other countries would decrease. On the other hand, if the exchange rate of the RMB against other related currencies were to depreciate, the price of our imported parts and components when converted into RMB would increase, which may have a material and adverse effect on us. Moreover, we will need to convert part of the proceeds denominated in foreign currencies from the Global Offering into RMB. The fluctuation in the exchange rate between the RMB and Hong Kong dollar and other currencies may have a material and adverse effect on our business, results of operations and financial condition, and thus your investment.

***It may be difficult to enforce judgments rendered by courts other than PRC courts against us or the Directors, Supervisors or senior management residing in China.***

Substantially all of our Directors, Supervisors and senior management reside within the PRC. Substantially all of our assets and the assets of our Directors, Supervisors and senior management are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, it may not be possible for investors to serve summons upon us or those persons in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. In addition, recognition and enforcement in the PRC of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may not be possible.

The Articles of Association and the Listing Rules provide that disputes or claims for rights between holders of the H Shares and us, our Directors, Supervisors, senior management or holders of the A Shares, arising out of the rights and obligations provided in the Articles of Association, the PRC Company Law and the related laws and regulations and in relation to affairs of our Company, are to be resolved through arbitration in Hong Kong or the PRC, rather than by a court of law, except for disputes associated with the definition of shareholders or register of shareholders. Under the current arrangements for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, awards made by PRC arbitral authorities, which are recognized under the Arbitration Ordinance of Hong Kong, can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC.

## RISKS RELATING TO THE GLOBAL OFFERING

***Characteristics of the A Share and H Share markets may differ.***

The A Shares have been listed and traded on the SZSE since December 2007. Following the Global Offering, the A Shares will continue to be traded on the SZSE, and the H Shares will be traded on the Hong Kong Stock Exchange. Without approval from the relevant regulatory authorities, the A Shares and H Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A share and the H share markets. Please see the subsection below headed "The conversion of A Shares to H Shares could have a material and adverse effect on the prevailing market price of the H Shares and our ability to raise capital in the future". The A share and H share markets have different trading characteristics, including trading volume and liquidity, and investor bases, including different levels of participation of retail and institutional investors. As a result of these differences, the trading prices of our A Shares and H Shares may not be the same. Moreover, fluctuations in our A Share price may affect our H Share price and vice versa. Because of the different characteristics of the A share and H share markets, the historical prices of the A Shares may not be indicative of the performance of the H Shares. You should therefore not place undue reliance on the historical performance of the A Shares when evaluating an investment in the H Shares.

***The conversion of A Shares to H Shares could have a material and adverse effect on the prevailing market price of the H Shares and our ability to raise capital in the future.***

According to the stipulations by the State Council securities regulatory authority, A shares may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, provided that certain conditions are met and certain procedures are completed. Conversion of a substantial number of the A Shares to H Shares, or market anticipation that such conversion may occur, could materially and adversely affect the price of the H Shares. Further, assuming the Over-allotment Option is not exercised, 39,529,400 A Shares will be converted into H Shares and transferred to the NSSF in connection with the Global Offering. The NSSF has not entered into any lock up agreement with us or the Underwriters and would be free to sell the H Shares any time after the Global Offering. This may also materially and adversely affect the prevailing market price of the H Shares and our ability to raise capital in the future at a time and at a price favorable to us.

***As the Offer Price of the H Shares is higher than the net tangible asset value per share, you will experience immediate dilution.***

The Offer Price of the H Shares is higher than the net tangible asset value per share of the outstanding Shares issued to our existing Shareholders. Therefore, purchasers of the H Shares in the Global Offering will experience an immediate dilution in the net tangible asset value to HK$4.42 per Share (assuming an Offer Price of HK$16.98, being the mid-point of our indicative Offer Price range, and assuming the Over-allotment Option is not exercised), and the pro forma adjusted consolidated net tangible asset value per share of the Shares held by our existing Shareholders will increase. If, in order to expand our business in the future, we issue additional H Shares at a price below the net tangible asset value per share, the net tangible asset value per share of the H Shares held by the buyers of the H Shares may be diluted. As at the Latest Practicable Date, the share price of our A Shares was RMB19.79 per A Share.

***The sales or potential sales of substantial amounts of the H Shares in the public market (including any future offering) may affect the prevailing market price of the H Shares and our ability to raise capital in the future, and future additional issuance of securities may dilute your shareholdings.***

The sales of substantial amounts of the H Shares or other securities related to the H Shares in the public market, or the issuance of new H Shares or other securities, or the market anticipation that such sales or issuance may occur, may cause fluctuations in the market price of the H Shares, and may materially and adversely affect our ability to raise capital at a time and at a price as we see fit in the future. Further, if we issue additional securities in future offerings, the shareholdings of the Shareholders may be diluted.

***There exist uncertainties about the Vensys Option and potential issuance of additional Shares pursuant to the exercise of the Vensys Option will cause dilution in your shareholdings.***

Pursuant to the Vensys Share SPA and the Vensys Supplemental Agreements relating to our acquisition of a 70.0% equity interest in Vensys AG in 2008, we have granted the Vensys Option to each of the holders of the remaining 30.0% of the shares of Vensys AG (namely Vensys/Innowind, Saarwind and Windpark). Pursuant to the Vensys Option, Vensys/Innowind, Saarwind and Windpark may exchange the remaining 1.5 million shares of Vensys AG held by them in part or total into the Shares at a price of EUR11.78 per share of Vensys AG, and shall be subject to PRC laws, the relevant provisions of the PRC securities regulatory authority and the relevant rules of the stock exchange on which the Shares are listed at the respective date of the exercise of the Vensys Option. The number of our Shares to be exchanged upon the exercise of the Vensys Option will be calculated based on multiplying the number of shares of Vensys AG to be exchanged by the price of EUR11.78 divided by the market price of our Shares at the time the Vensys Option is exercised. Each of Vensys/Innowind, Saarwind and Windpark may request to exercise the Vensys Option from December 26, 2010 onwards. If Vensys/Innowind, Saarwind and Windpark fail to or are unable to exercise the Vensys Option before December 26, 2011, such option will automatically lapse. Please see the section entitled "Share Capital" in this prospectus for further details.

There exist uncertainties about the enforcement and interpretation of the Vensys Option as set forth in the Vensys Share SPA including determination of the actual exchange ratio, the class of the Shares subject to exchange and the procedural steps required to exercise the Vensys Option. If any of Vensys/Innowind, Saarwind and Windpark chooses to exercise the Vensys Option and we have to issue additional Shares in order to exchange their remaining shares of Vensys AG into the Shares, the Shareholders would experience dilution in their holdings. The Vensys Option does not stipulate the class of Shares that we may issue if it is exercised, and we may therefore need to issue additional H Shares pursuant to exercise of the Vensys Option. Further, in the event of future market anticipation that such issuance may occur, the market price of the H Shares may fluctuate.

***There will be a five-Business-Day time gap between pricing and trading of the H Shares offered pursuant to the Global Offering.***

The Offer Price of the H Shares sold in the Global Offering will be determined on the Price Determination Date. However, the trading of the H Shares on the Hong Kong Stock Exchange will not commence until they are delivered, which is expected to be the fifth Business Day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the H Shares during that period. Consequently, holders of the H Shares may bear risks as adverse market conditions or other unfavorable circumstances may arise during the period between the Price Determination Date and the time trading begins (for instance, decrease in the price of the A Shares) and the price of the H Shares may be lower than the Offer Price at the start of trading.

***There is no assurance that we will adopt the same dividend policy as we have adopted in the past.***

We distributed dividends in the form of Shares and cash amounting to RMB500.0 million and RMB680.0 million during the years ended December 31, 2007 and 2008, respectively. The Board of Directors on August 31, 2009 and the Shareholders in general meeting on September 25, 2009 approved a resolution that holders of our A Shares are entitled to our distributable profits accumulated prior to January 1, 2010, and holders of our H Shares and A Shares upon the completion of the Global Offering will be equally entitled to our distributable profits accumulated between January 1, 2010 and the Listing Date. Our Company issued 840 million A Shares and paid cash of RMB140.0 million to holders of our A Shares funded with cash from profits generated by our business in April 2010 and distributed another RMB784.0 million in the form of a cash dividend financed by our internal cash resources prior to the date of this prospectus. Any future declaration of dividends will be proposed by the Board of Directors and the amount of any dividends will depend on various factors, including our results of operations, financial condition, future business prospects and other factors that the board may determine to be important. For further details on our dividend policy, please see the section entitled "Financial Information — Dividend Policy" in this prospectus. There is no assurance that we will adopt the same dividend policy as we have adopted in the past.

***There has been no prior public market for the H Shares, and the liquidity, market price and trading volume of the H Shares may be volatile.***

Prior to the Global Offering, there has been no public market for the H Shares. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares. However, there is no assurance that the Global Offering will result in the development of an active and liquid public trading market for the H Shares. The market price, liquidity and trading volume of the H Shares may be volatile.

We cannot assure you that Shareholders will be able to sell their H Shares or achieve their desired price. As a result, Shareholders may not be able to sell their H Shares at prices equal to or greater than the price paid for their H Shares under the Global Offering. Factors that may affect the volume and price at which the H Shares will be traded include, among other things, variations in our revenue, earnings, cash flows and costs, announcements of new investments and changes in PRC laws and regulations. We cannot assure you that these developments will not occur in the future. In addition, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that the H Shares may be subject to changes in price not directly related to our performance.

***Certain industry statistics contained in this prospectus are derived from various publicly available official sources and may not be reliable.***

Certain statistical data and other information relating to the PRC and the industries in which we operate contained in, for instance, the section entitled "Industry Overview" in this prospectus, has been derived from various publicly available official publications. However, we cannot guarantee the quality of such source materials. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis. Neither the Joint Sponsors, Underwriters or any of their Connected Persons or advisors, nor we or any of our Connected Persons or advisors has verified the accuracy of the information contained in such sources. We make no representation as to the accuracy of the information contained in such sources, which may not be consistent with other information compiled within or outside the PRC. Accordingly, these industry information and statistics contained herein may not be accurate and should not be unduly relied upon for your investment in us.

***Holders of the H Shares may be subject to PRC taxation.***

Under current PRC tax laws, regulations and rules, foreign individuals and foreign enterprises that are not PRC residents are subject to different tax obligations with respect to the dividends paid by us or the gains realized upon the sale or other disposition of H Shares. Foreign individuals who are not PRC residents are currently exempted from PRC individual income tax on dividends received from H shares and gains realized by such individuals upon the sale or other disposition of H shares. If the PRC Government withdraws the exemption in the future, such foreign individuals may be required to pay PRC individual income tax unless there are applicable tax treaties between the PRC and the jurisdictions in which the foreign individuals reside that reduce or exempt the relevant tax.

For foreign enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises ("**Non-resident Enterprises**"), under the new PRC Enterprise Income Tax Law (the "**New EIT Law**"), they are subject to the PRC enterprise income tax at a rate of 20% on their PRC-sourced income. The implementation rules to the New EIT Law provide that such tax rate will be reduced to 10%, subject to a further reduction according to applicable treaties on avoidance of double taxation. Further, pursuant to the *Notice Concerning Withholding of Corporate Income Tax for Dividends Paid by Chinese Resident Enterprises to H Share Non-resident Enterprises Shareholders Outside the*

*Mainland Territory (Guoshuihan (2008) No. 897)*, from 2008 onwards, the enterprise income tax on dividends paid by PRC enterprises to H shareholders that are Non-resident Enterprises shall be withheld at a uniform rate of 10%, subject to reduction according to applicable treaties on avoidance of double taxation. As such, dividends paid by us to our H Shareholders that are Non-resident Enterprises and gains derived from the sale or disposal in other forms of the H Shares by Shareholders that are Non-resident Enterprises are usually subject to the PRC enterprise income tax at the rate of 10%. As the New EIT Law and the implementation rules thereto are new, there remains significant uncertainty as to their interpretation and application by the PRC tax authorities. The implementation of enterprise income tax on capital gain remains uncertain. The PRC tax laws, rules and regulations may also change from time to time. If the tax rates stipulated in the New EIT Law and the related implementation rules are amended, the value of your investment in the H Shares will be materially affected. Please see the appendix entitled "Appendix V — Taxation and Foreign Exchange" to this prospectus for further details.

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

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering. Prior to the date of this prospectus, there has been press and media coverage regarding us and the Global Offering, which included certain financial information, financial projections, valuations, capital expenditure and other information about us that do not appear in this prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such information and such information is not sourced from or authorized by our directors or our management. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information included in or referred to by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding us or the Global Offering. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we would not accept any responsibility for it and you should not rely on any such information. Accordingly, you are cautioned that, in making your decisions as to whether to purchase our H Shares, you should rely only on the financial, operational and other information included in this prospectus and the Application Forms. By applying to purchase our Offer Shares in this Global Offering, you will be deemed to have agreed that you will not rely on any information other than the information contained in this prospectus and the Application Forms.