OVERVIEW

We are a leading manufacturer of wind turbine generators and provider of complete wind power solutions in China. Our primary business is WTG R&D, manufacturing and sales. We also engage in the provision of comprehensive wind power services and the development of wind farms for sale to wind farm operators and investors. As an enterprise with one of the longest track records in the PRC wind power equipment manufacturing industry, we possess substantial technical expertise, strong independent R&D capabilities, and have successfully introduced innovative leading edge wind turbine technologies to the PRC market. Most of our core management team have specialized in wind power for many years, and possess significant industry experience in wind energy development and operation, giving us a deep understanding of our client base and their operational needs. Our comprehensive quality assurance system and after-sales service operations have also contributed to achieving our dominant market position. According to the *International Wind Energy Development — World Market Update* published by BTM, the accumulated installed capacity of WTGs manufactured by us reached 5.3 GW as at December 31, 2009, representing a market share in the PRC of approximately 21%. In 2009, our market share in the PRC in terms of newly installed capacity increased approximately 2 percentage points as compared to the previous year to approximately 20%, ranking us the fifth largest WTG manufacturer globally and the second largest in the PRC. The WWEA awarded us the World Wind Energy Award 2006 for our contribution to the development of the international wind power industry.

- For our WTG R&D, manufacturing and sales business, we focus on the research, design, manufacturing and sales of premium quality WTGs with high efficiency and availability. Our main product is currently the 1.5 MW direct-drive permanent magnet WTG, and we also produce the 750 kW stall-regulated WTG. Throughout our corporate history, our customers have primarily been China's large power producers and other enterprises investing in renewable energy, and our products and services have been sold across the PRC, with over 6,000 of our WTGs installed in 19 of China's provinces as at June 30, 2010. Apart from our business in the domestic market, we have also embarked on sales of our WTGs in international markets. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the revenue generated from our WTG R&D, manufacturing and sales business segment was RMB3,079.2 million, RMB6,299.3 million, RMB10,347.4 million and RMB6,120.5 million, respectively, and accounted for 99.7%, 98.2%, 97.0% and 97.7% of our total revenue.

- For our wind power services business, we offer customers a complete range of services covering the whole process of developing a wind farm project, from preliminary investment consultancy and pre-construction project services such as feasibility studies and wind measurement, to project construction services such as EPC contracting, to post-construction operation and maintenance services such as equipment servicing and wind farm operation and maintenance. As at June 30, 2010, we had provided preliminary investment consultancy and pre-construction services for 308 projects, project construction services for 179 wind farms, and post-construction operation and maintenance services for 82 wind farms with total installed capacity of 4,768.1 MW. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the revenue generated from our wind power services business segment was RMB9.8 million, RMB29.5 million, RMB215.4 million and RMB55.1 million, respectively, and accounted for 0.3%, 0.4%, 2.0% and 0.9% of our total revenue.

- For our wind farm investment, development and sales business, we are able to provide wind farm operators and investors completed wind farms that we have invested in and developed, and equipped with our WTGs. As at June 30, 2010, we developed 14 wind farms with total installed capacity of 628.5 MW and attributable installed capacity of 487.8 MW, of which four completed wind farms were

sold. We generate income from sale of equity interests in the project companies we set up to develop the wind farms, and income from such sale is recorded under other income and gains. During the Track Record Period, income from sale of completed wind farms was nil, RMB263.1 million, RMB189.8 million and nil, respectively. For our completed wind farms yet to be sold, we put them into operation and generate revenue from the tariffs received from the power generated. As at June 30, 2010, we have five completed wind farms yet to be sold. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our revenue for this business segment was nil, RMB88.5 million, RMB103.7 million and RMB89.4 million, respectively, and accounted for 0.0%, 1.4%, 1.0% and 1.4% of our total revenue.

We have strategically leveraged the depth of our R&D and manufacturing, services and wind farm development capabilities to achieve synergies among our three business segments and formed an advanced model as a provider of complete solutions covering multiple aspects of the wind power industry value chain. No other PRC WTG manufacturer is engaged in the provision of complete wind power solutions on a scale similar to ours.

Our main product technology is the direct-drive permanent magnet full-power rectification technology, which holds four significant advantages over other wind turbine technologies, namely high efficiency, high reliability, superior grid connectivity and low spare parts and consumable materials requirements. We believe these advantages are greatly valued by our customers and the power grids for whom they generate electricity. We have successfully introduced our specialized wind turbine series, which adopt this technology and are efficiently adapted to the PRC's diverse operating conditions, including low and high temperatures, high altitude, low wind velocity and coastal areas.

We possess a comprehensive technology development system and have established three R&D centers in Beijing and Urumqi, PRC and Neunkirchen, Germany, where the headquarters of our subsidiary, Vensys AG, is based, with specialized research teams that focus on developing next generation technology and product improvements. We are also engaged in the in-house design and manufacture of core parts and components. This reduces our production cost and also enables us to obtain independent rights for key wind turbine technologies. We have launched our 2.5 MW direct-drive permanent magnet WTG in the market in 2010 and commenced commercial production of this new WTG model. Our 3.0 MW hybrid-drive WTG prototype, the design and production of which we completed, has achieved successful grid connection and is currently operating smoothly. Our 6.0 MW WTG is currently under development. We independently developed our MW-level WTGs through extensive R&D activities focused on our advanced direct-drive permanent magnet full-power rectification technology, whereas most Chinese WTG manufacturers generally acquire wind turbine technologies through licensing. The strength of our R&D capabilities is further evidenced by our ownership of six proprietary technologies, 34 patents, and 31 pending patents as at the Latest Practicable Date. In addition to achieving widespread customer acceptance, we have been called upon by the relevant PRC authorities to lead the drafting of eight national and local wind power industry technical standards, and are currently involved in the drafting of a further three such national standards.

We undertook an initial public offering and listing of our A shares on the SZSE in 2007. During the Track Record Period, we have experienced significant growth in revenues and maintained good profitability. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our revenue was RMB3,089.0 million, RMB6,417.3 million, RMB10,666.5 million and RMB6,265.0 million, respectively, and our profit attributable to owners of our Company was RMB624.6 million, RMB906.4 million, RMB1,745.6 million and RMB772.8 million, respectively, growing at a CAGR of 85.8% and 67.2%, between 2007 and 2009,

respectively. During the same period, our sales volume of WTGs was 754.5 MW, 1,372.5 MW, 2,035.5 MW and 1,326.0 MW, respectively, growing at a CAGR of 64.3% between 2007 and 2009.

OUR COMPETITIVE STRENGTHS

We are a leader in the PRC WTG manufacturing industry with extensive sector experience, and have played an active role in the rapid growth of China's wind power market.

We are a leading WTG manufacturer in the PRC, one of the largest and most rapidly growing wind power markets globally. The accumulated installed capacity of WTGs manufactured by us reached 5.3 GW as at December 31, 2009, representing a market share in the PRC of approximately 21%. In 2009, our market share in the PRC in terms of newly installed capacity increased approximately 2 percentage points as compared to the previous year to approximately 20%, ranking us the fifth largest WTG manufacturer globally and the second largest in the PRC. Over 6,000 WTGs manufactured by us have been deployed in 19 of China's provinces under diverse operating conditions as at June 30, 2010.

As one of the PRC's pioneers in the wind power industry, our R&D, operations and service teams have accrued significant experience in designing, manufacturing and operating WTGs as well as developing and constructing wind farms across the PRC. This enables us to provide our customers with timely, integrated solutions covering multiple aspects of the wind power industry chain. We believe we are an important partner to our customers, which include the PRC's largest power producers, due to the high quality and performance of our WTGs, and our ability to assist customers with many aspects of the wind power industry value chain.

We possess superior technology and strong independent R&D, design and product development capabilities.

Our state-of-the-art technology and strong R&D capabilities are key to our market leading position in the PRC. Our main product is the 1.5 MW direct-drive permanent magnet WTG, which adopts the direct-drive permanent magnet full-power rectification technology. This technology holds significant advantages over other wind turbine technologies such as higher efficiency, higher reliability, superior grid connectivity and lower spare parts and consumable materials requirements. Most Chinese WTG manufacturers generally acquire WTG technologies through licensing, however, we independently developed our MW-level WTGs. We have also launched the widest product range among all PRC WTG manufacturers. These series are adapted to the diverse operating conditions in the PRC, including low and high temperatures, high altitude, low wind velocity and coastal areas. We believe our WTGs built on these technologies will continue to experience wide market acceptance and will continue to grow in market share.

Our professional R&D team has extensive wind power industry experience and a comprehensive combination of knowledge and expertise, and combined with our establishment of a superior technology development platform, makes us well-equipped to carry out development work. Our R&D centers in Beijing and Urumqi, PRC and at our Vensys AG headquarters in Neunkirchen, Germany, with specialized research teams, focus on continuously improving our technologies and products for adaptation to different operating environments and timely meeting of customer needs using the latest technologies. Our R&D work includes research on key specialized wind turbine technologies such as high-power permanent magnet generator technology, transmission technology, control strategy, electric control technology and grid connectivity technology. Further development of these technologies will improve the performance and reliability of our WTGs. In addition, we also possess in-house design capabilities for core parts and components and has commenced mass production of our independently-designed converter, variable pitch and master control systems. We have complete testing measures in place for parts and components and assembled WTG units to ensure the high quality of our WTGs.

We believe the combination of our established technology and production capabilities, enhanced through our acquisition of German-based Vensys AG in 2008, results in continuous improvements in our direct-drive permanent magnet full-power rectification technology, and enables our products to maintain a leading position in the PRC wind power industry and enter global markets.

We have an advanced business model as a provider of complete wind power solutions and continue to discover new value along the entire wind power industry value chain.

We have in place an advanced business model as a complete wind power solutions provider with our market-leading WTG R&D, manufacturing and sales business segment at the core, fully complemented by our two other businesses: wind power services and wind farm investment, development and sales. This enables us to benefit from multiple aspects of the wind power industry value chain. Leveraging our extensive experience in designing and manufacturing WTGs, as well as constructing wind farms in the PRC, we not only are able to provide customers with high quality WTGs, but also have developed a complete suite of wind power services and wind farm development solutions, allowing us to meet our customers' needs in multiple aspects of the wind power industry value chain.

Our comprehensive portfolio of wind power services includes preliminary investment consultancy and project services, project construction services and post-construction operation and maintenance services. Our service teams ensure fast, timely and tailored servicing of our WTGs to provide superior WTG availability for our customers and also provide services needed at every stage of a wind farm project to assist customers with developing more efficient wind farms. Our integrated business model also allows us to apply our industry experience and technical expertise to all aspects of wind farm design and construction — from wind measurement, filing of the relevant governmental applications, project planning and construction and installation of WTGs to operation of the wind farm — enabling us to develop cost-efficient wind farms. This allows us not only to provide wind farm operators and investors with completed wind farms but also obtain income from electricity generated.

The synergies achieved between our three business segments are significant. The provision of wind power services allows us to cultivate existing and potential customer relationships which benefits our WTG R&D, manufacturing and sales business. Our manufacturing industry background and experience in operation and maintenance services have assisted our wind farm investment, development and sales business. Our wind farm investment, development and sales business has also contributed to an increase in our WTG sales, and according to these customers' needs, our operational and maintenance teams will also provide wind power services. This creates new attractive sources of profit growth for us and contributes to enhancing our market position.

We are able to provide customers with comprehensive, timely and efficient after-sales services.

We offer our customers comprehensive service through the integration of our service, logistics and technical support units to ensure the high availability of our WTGs. We believe the quality of after-sales services we provide have made our WTGs among the best performers in the PRC market, resulting in our wide customer acceptance and leading market position. Our 12 service centers form a nationwide service and spare parts supply network to ensure prompt customer response time, with engineers generally arriving at customer sites within 12 hours of customer requests and maintenance or replacement of conventional spare parts occurring generally within 24 hours. To ensure that first-rate services are provided to customers, and to ensure the service level and technical competency of the field service personnel, we carry out personnel training, assessment and certification. Field service personnel with appropriate technical certification are allocated to each project site based on the actual technical requirements of the

project. In addition, we have also developed and implemented the SCADA system for our customers to centrally monitor and compile statistics on the operation of our WTGs. We use all of the foregoing to develop the best operational solutions and the most suitable maintenance measures, allowing us to provide superior service to our customers.

We have strong capabilities to design and manufacture core components in-house and optimize our supply chain, enabling us to reduce cost of production while assuring quality.

We have developed independent in-house design and manufacturing capabilities for certain core parts and components, which, combined with the optimization of our supply chain, enables us to reduce our cost of sales and ensure timely delivery of our products to customers. We believe we have realized significant cost savings through our research, design and manufacture of core parts and components, such as the converters, variable pitch and master control systems for our WTGs. As we fully oversee the entire design and production process of such customized parts and components, we are also able to more effectively implement quality control systems and ensure product quality while controlling costs.

Traditionally our industry has faced several supply chain-related challenges, with frequent difficulties related to timely supply of high-quality parts and components. We have attempted to address these issues by committing significant R&D, operations and quality control personnel to develop reliable suppliers and strengthen our relationships with key suppliers. Our teams work together with these suppliers to effectively leverage their respective expertise and advantages, ensure their quality and technical specifications meet our standards, and better control our parts and components' costs. Further, we have established a quality control system encompassing our entire design and production process through supervising the design and manufacturing process of our suppliers, allowing us to realize efficient control of our parts and components costs. The resulting close relationship from such mutual cooperation provides a secure supply chain for our business, which enables us to effectively control our production costs and achieve higher cost efficiency for our customers.

We have an experienced management team, and are continuously recruiting new talent.

Our senior management, core operations, strategic planning and investment management personnel were some of China's first professionals to enter the wind power field, most of whom have specialized in wind power for many years and have been with us since our incorporation. Their deep familiarity with the development of the PRC wind power industry, the evolution of WTG technologies, design and manufacturing of core parts and components, wind power services as well as their extensive experience in developing and operating wind farms, including the then largest wind farm in Asia at Dabancheng, Xinjiang in 1989, are essential to our long term success. Our operations teams in all of our business segments are led by professionals with significant experience in their fields. In addition, many members of our senior management team have technical backgrounds and extensive experience in enterprise management.

Mr. Wu Gang, our chairman and chief executive officer, has more than 22 years of experience in the wind power industry and currently is the deputy director of the Chinese Renewable Energy Industries Association. He was awarded the World Wind Energy Award in 2006 for his leadership of our Group in contributing to the development of the international wind power industry. His vision have been critical to our growth, making us a leading enterprise in China's WTG manufacturing industry.

Our active, open corporate culture and accelerated pace of growth have attracted international and domestic talent to join us and enrich our management and operation teams. We believe this advantage will continue to attract

new talent for us and be significant for maintaining our technological superiority, expanding our market share and increasing our profitability in the future.

OUR STRATEGIES

We seek to maintain and further enhance our position in the business of WTG R&D, manufacturing and sales, continue to be a leading provider of complete wind power solutions, expand our business globally and create maximum customer value. Our specific strategies are as follows:

Maintain and enhance market leading position in China.

We are a leading WTG manufacturer in the PRC. We seek to grow our customer base while servicing our existing major clients, which include the PRC's large power producers and other enterprises investing in renewable energy. Their participation in the PRC wind power market has grown rapidly in recent years and this is expected to continue given the gradual depletion of traditional fossil fuel energy sources, progressive maturity of the renewable energy industry and policy support of the PRC Government. We believe that our customers most value the high efficiency and availability of our WTGs, and we are committed to continually improving the performance of our WTGs and providing new and advanced WTG models, which are cost efficient and tailored to their specific needs. We also seek to maintain and increase sales to our existing customer base through providing after-sales and value-added services suited to their specific needs and fully demonstrating their value to our customers.

We will also continue to fully leverage our extensive experience, ability to provide integrated solutions covering multiple aspects of the wind power industry value chain to our existing and new customers, and a management team with strong strategic vision and execution abilities to further enhance our leading market share in China. We are also in the process of establishing more production facilities and strategically expanding our production capacity in regions with abundant wind resources to support our customers as they develop these markets, or concentration of component suppliers, such as our construction of new production bases in Dafeng and Nanjing, Jiangsu province, and Xi'an, Shaanxi province, PRC. Through providing our customers with more advanced WTG products, high-quality comprehensive services and integrated solutions, and a reasonable distribution of production capacity to meet our customers' needs, we believe we will be able to increase our sales in the PRC and maintain our leading market position.

Continue to focus on technology and product innovation to develop more advanced WTGs.

We believe that our superior R&D abilities and focus on technology and product innovation will continue to drive our success. We intend to research and develop our next generation products, while delivering our currently dominant products, to provide an innovative product line based on our detailed analysis of market needs. We are committed to developing WTGs with higher efficiency and reliability, better climate adaptability and greater cost efficiency. To that end, we will continue to introduce more advanced WTG series customized for optimum performance under diverse operating conditions. We have also developed larger WTGs. Specifically, the prototypes of our 2.5 MW direct-drive permanent magnet WTG and 3.0 MW hybrid-drive WTG have achieved successful grid connection. We have commenced commercial production of our 2.5 MW WTGs during 2010 and launched this new WTG model in the market. Further, we are also developing our 6.0 MW WTG. Offshore wind farm deployment of our WTGs is also a driving focus of our innovation, with our 1.5 MW, 2.5 MW, 3.0 MW and 6.0 MW WTGs all being able to be used at sea. We have also committed significant resources to refining the development, operation and maintenance of offshore WTGs in anticipation of servicing this growing market segment.

We will continue to increase our R&D efforts, with our technological innovation mainly focusing on key specialized WTG technologies, including permanent magnet generator technology, transmission technology, control strategy, electric control technology and grid connectivity technology. We will further refine our R&D operation mechanism to better stimulate our technical personnel's potential and facilitate their development. In addition to expanding our R&D centers in Beijing and Urumqi, PRC and Neunkirchen, Germany, where the headquarters of our subsidiary, Vensys AG, is based, we will continue to engage in technology exchanges and partnerships with leading domestic and international academic institutions and industry groups. Through leveraging our R&D base in Germany, we seek to better understand the adoption of cutting edge European wind technology to the PRC WTG market, and continue to keep our R&D team at the forefront of global WTG technology.

Continuously reduce costs and further optimize our supply chain.

We will continue to strive to reduce costs through investment in cost control measures and optimization of our supply chain. We intend to (i) expand the scale of our sales, sourcing and operations so as to achieve greater economies of scale, (ii) lower transportation costs through maintaining better geographic distribution of our production bases, (iii) further strengthen our in-house design and manufacturing capabilities for certain core parts and components, such as our construction of a new production base in Beijing, PRC to manufacture electric control systems, (iv) continue to implement stringent quality control measures and effectively reduce costs incurred due to product defects and technical malfunctions, and (v) strengthen management capabilities to increase operational efficiency, including management of our supply chain.

Further, we will continue to maintain close relationships with our suppliers and cooperate with high-quality suppliers in the PRC and globally to ensure the stability, quality and cost-effectiveness of our parts and components supply chain. As with our production bases, our new manufacturing facilities and facilities under construction are located in close proximity to major parts and components suppliers or marketing regions under development, thus lowering our logistics costs. Capital investments in, and joint ventures with, some of our suppliers are also used to bring us closer to our suppliers and their management. We believe the continuous fostering of mutually beneficial relationships with our suppliers is a competitive advantage, and can contribute to enterprise innovation and mutual growth. We will continue to increase the cost efficiency achieved by optimization of our supply chain through effective cost control measures and good supplier relationship management.

Actively grow our wind power services and wind farm investment, development and sales businesses.

We believe our wind power services and wind farm investment, development and sales businesses represent new sources of profit growth with great potential for us, and the synergies between them and our WTG R&D, manufacturing and sales business make our products and services more attractive to our customers. As such, we intend to expand these businesses to maximize customer value. In light of market demand and public support for renewable energy, PRC power producers and other investors are rapidly entering the renewable energy markets, and in particular the wind power market. BTM predicts that the accumulated installed capacity of WTGs in the PRC will realize a CAGR of 32.3% from 25.9 GW in 2009 to 104.9 GW in 2014. As a result, we believe that there is significant growth potential for our wind power services business, which will in the long term provide us a competitive advantage both in the PRC and overseas markets. We intend to improve our existing services and develop new value-added services such as maintenance services for parts and components and advisory services. We will also continue with the localization of our services to provide our customers with reliable support, ensuring that their needs are attended to in the shortest time possible.

We have accumulated expertise in all aspects of the development, construction, operation and maintenance of wind farms in the PRC. As investment and development of wind farms require a certain level of professional expertise, the construction cycle of wind farm projects is lengthy and the risk of unsuccessful development exists, some wind power investors prefer to obtain completed wind farms ready for operation. Recognizing the corresponding potential for our wind farm investment, development and sales business, our senior management has fully leveraged our internal resources, our WTG R&D, design and product development capabilities, our ability to provide professional operation and maintenance services and external strategic partnerships to further expand and explore more opportunities in wind farm investment and cooperation with investors. We intend to continue actively promoting these services to our existing and new customers. As a result, we expect these new attractive revenue streams to contribute to our growth in the future.

Expand into attractive international markets.

Besides maintaining our domestic market share, we seek to expand our operations globally into attractive international markets. Our target markets are the United States, Australia and Europe: the United States is currently the largest wind power market in the world, Australia possesses high growth potential, and Europe is a developed and growing market that allows us to fully leverage our subsidiary, Vensys AG's existing advantages for market penetration. We believe the growth opportunities in the United States, Australia and Europe are significant, given the public and policy support for renewable energy in those regions. BTM estimates that CAGR of accumulated installed capacity of WTGs in the United States, Australia and Europe from 2009 to 2014 will be 23.3%, 22.4% and 16.7%, respectively.

Our initial efforts abroad have included establishment of production facilities, sales offices and service networks in Germany, the United States and Australia for manufacturing and sales of our WTGs and development of wind farm projects. We have successfully completed a wind farm project in the United States, and are actively pursuing other potential projects. We have established a production base at the headquarters of our subsidiary, Vensys AG in Neunkirchen, Germany and began sales of our products in Europe. We have also dispatched management teams to these regions to understand market conditions, and have set up a dedicated team responsible for the long-term development of our international business. We are also actively participating in foreign aid projects organized by the PRC Government. Our international expansion presents opportunities to increase the market for our existing WTG models, and we expect this expansion may involve the establishment or acquisition of further production facilities overseas. With our product, technology and cost advantages, we believe that our overseas expansion can be successfully achieved.

OUR BUSINESS SEGMENTS

Our business segments consist of (i) WTG R&D, manufacturing and sales, (ii) wind power services, and (iii) wind farm investment, development and sales. As at June 30, 2010, there are over 6,000 of our WTGs installed in China, we had provided preliminary investment consultancy and pre-construction services for 308 projects, project construction services for 179 wind farms, and post-construction operation and maintenance services for 82 wind farms with total installed capacity of 4,768.1 MW, and the total installed capacity and attributable installed capacity of wind farm projects developed by us was 628.5 MW and 487.8 MW, respectively.

WTG R&D, MANUFACTURING AND SALES

Our focus is on the research, design and manufacturing of premium quality WTGs with high efficiency and availability. We have accumulated substantial experience in developing the PRC wind power market, and we

believe that we have derived significant competitive strengths in terms of R&D, production process technology and quality of our wind turbine products and services. Our products and services coverage extends over 19 provinces in the PRC, and according to BTM, the accumulated installed capacity of WTGs manufactured by us as at December 31, 2009 was approximately 5.3 GW with a market share of approximately 21%.

We recognize revenue for this business segment from the sale of individual WTGs as well as spare parts sales, when the significant risks and rewards of ownership have been transferred to the buyer. Our costs of sales in respect of this business segment consist mainly of raw materials and components for our WTGs, including blades, generators, structural parts and electric control systems. During the Track Record Period, our revenue from this business segment was RMB3,079.2 million, RMB6,299.3 million, RMB10,347.4 million and RMB6,120.5 million, respectively, representing a CAGR of 83.3% during 2007 to 2009. Please see the section entitled "Financial Information" in this prospectus for more details.

Our Product Portfolio

Our primary product range during the Track Record Period consisted of the 1.5 MW direct-drive permanent magnet WTG and the 750 kW stall-regulated WTG. Our products are fully adaptable and suitable for different geographical regions and climates, including high and low temperature, high altitude, low wind velocity and coastal areas.

Since inception, we have developed seven distinct WTG product series, from 600 kW to 3.0 MW, using increasingly advanced technologies. Through our experience in product development, we have established a full team of R&D and operations personnel with a deep understanding of WTG technologies. The 1.5 MW WTG series has become our main product although we still continue to sell our 750 kW WTG series. In November 2007, Asia's first offshore 1.5 MW direct-drive permanent magnet WTG, which was manufactured by us, was installed in Bohai Bay, PRC.

The following table sets out the technical specifications of our 1.5 MW WTGs and 750 kW WTGs.

Product Category	WTG Model	Turbine Rotor Diameter (meter)	Hub Height (meter)	IEC Models (Type)
1.5 MW WTG	GW66/1500	66	65	S
	GW70/1500	70	65	I / II
	GW77/1500	77	65	II / III
	GW82/1500	82	70	III
			85	III
	GW87/1500	87	70	III
			75	III
			85	III
	GW87/1500 (high altitude)	87	70	III
750 kW WTG	GWS48/750	48	50	I / II / S
			60	I/ II
			65	II
	GWS50/750	50	40	III
			50	II
			60	II/III
	GWS52/750 (high altitude)	52	50	II

The table below sets out the sales details of our primary products during the Track Record Period.

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
	Installed capacity sold (MW)			
WTG				
1.5 MW	85.5	519.0	1,591.5	1,234.5
750 kW	669.0	853.5	444.0	91.5
Total	**754.5**	**1,372.5**	**2,035.5**	**1,326.0**

We have launched our 2.5 MW direct-drive permanent magnet WTG in the market in 2010 and commenced commercial production of this new WTG model. Our 3.0 MW hybrid-drive WTG prototype, the design and production of which we completed, has achieved successful grid connection and is currently operating smoothly. We are developing our 6.0 MW WTG.

WTG Design and Development

We have comprehensive wind turbine design and development capabilities and own numerous proprietary technologies and patents, which we have leveraged through our history to develop seven distinct series of WTGs. We believe we are a leading large-scale PRC WTG manufacturer capable of independently developing new and advanced models of WTGs. Our main product technology is the direct-drive permanent magnet full-power rectification technology. Through our extensive research and design experience, we have developed our current series of high-performance wind turbines, and further enhanced their ability to operate in diverse geographic regions of the PRC.

Direct-Drive Permanent Magnet Full-Power Rectification Technology

Direct-drive permanent magnet full-power rectification technology consists of a wind-driven turbine rotor turning a permanent magnet synchronous generator, which does not require a gearbox to operate. The generator produces alternating current which is delivered to the grid via AC-DC-AC conversion by a full-power converter. The key advantages of the direct-drive permanent magnet full-power rectification technology are:

High efficiency	—	Unlike double-fed turbines, direct-drive wind turbines eliminate the gearbox component, which reduces transmission loss and allows higher generation levels, especially at low wind velocities. Permanent magnet technology further improves efficiency.
High reliability	—	Gearboxes have a relatively higher operational failure rate. The direct-drive technology eliminates the gearbox component and its ancillary parts, and simplifies the transmission structure, thereby ensuring higher reliability. These WTGs also have considerably fewer moving parts when in operation at low speed, which increases its reliability.
Superior grid connectivity	—	Wind turbines may trip off-line in the event of major grid disturbances, but with the low-voltage ride through (LVRT) capability, WTGs adopting the direct-drive permanent magnet full-power rectification technology are able to stay connected to the grid during such grid disturbances, and can also easily perform the functions of active power control and reactive power control, thus better fulfilling grid requirements.
Low spare parts and consumable materials requirements	—	Gearless direct-drive technology reduces the number of WTG parts and components and eliminates costs associated with gearbox oil replacement, which lowers operation and maintenance costs considerably.

Customised Models

To keep pace with the rapid growth of the wind power market and to meet the requirements of the relevant market segments, we focus on developing WTGs suited to diverse geographical and climate conditions. Since our inception, we have created and introduced a wide range of WTG models under our customised series, which are adapted for diverse operating conditions including low and high temperatures, high altitude, low wind velocity and coastal areas:

High temperature	—	Designed with improvements to the cooling and radiation capabilities of the wind turbine's components and sub-systems. Use of a self-regulating system enables the cooling system to continue functioning in the event of a wind turbine system failure without the need for a cooling fan or pump.
Low temperature	—	Designed for sub-zero environments of -20 to -40 degrees Celsius through the selection of suitable mechanical parts and materials, blade structure, lubrication system, electric control system, and materials for protecting components.
High altitude	—	Designed for areas with altitudes of over 2,000 meters through improvements in blade length, cooling and insulation of the electric control system and the motor, prevention of turbine corrosion and moisture resistance.
Low wind velocity	—	Designed with a larger wind wheel diameter for higher energy capture ability as well as optimized control strategy and other complementary solutions to ensure operation at low wind velocity.
Coastal	—	Designed for use in humid, high-salt areas with focus on prevention of salt corrosion, electrical protection and insulation. Improvements were made to the structural designs of the wind turbine and relevant parts and components and special anti-corrosion solutions were applied to the easily-corrodible components.

We own several proprietary technologies relating to WTG control strategy and systems. In addition, we have developed a self-adaptive turbine activation and cut-off control strategy which is able to identify the environmental conditions and technical factors in different operating terrains and self-tune the model parameters intelligently to optimize energy capture.

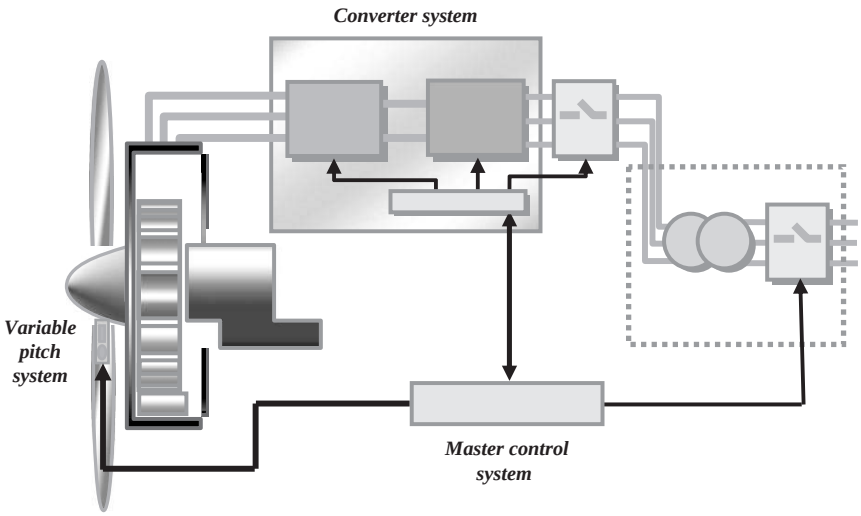
Design and Manufacture of Core Parts and Components

In order to optimize our WTGs, reduce reliance on upstream suppliers, and control costs effectively, we also concentrate on continuous enhancement of our R&D, design and manufacturing capabilities for certain core parts and components of WTGs, including electric control systems and generators, to ensure the quality and stability of the supply of our core parts and components.

Electric Control System

Along with advances in wind power technology and the gradual increase in wind turbine capacity, control technology is becoming a pivotal element for large wind turbines. In view of the complex operating conditions of WTGs, the design performance, reliability and stability of the electric control system are major factors affecting the wind turbine's efficiency.

The electric control system in our MW-level WTGs generally comprises a master control system, converter system and variable pitch system, as illustrated in the diagram below. Our 750 kW WTG model operates with a master control system only.



Generator

The generator plays the important role in a WTG of converting mechanical energy into electrical energy. In comparison to a conventional generator, the permanent magnet generator used in our direct-drive WTGs does not require an exciter and the elimination of excitation loss results in a higher efficiency. Further, the high magnetic energy of the rare-earth permanent magnet materials enables a reduction in the weight of the generator.

We own or have applied for multiple patents in magnetic poles arrangements and the cooling and shaft designs of the external generator rotor for the 1.5 MW WTGs. The unique seal design of our generator for the first 1.5 MW offshore WTG in Asia, which was manufactured by us in 2007, has ensured its stable operation since installation. Our new product, the 2.5 MW generator, possesses all the advantages of the existing 1.5 MW direct-drive permanent magnet synchronous generator with enhanced features such as higher power density, outstanding sealing performance, high reliability and lower weight to unit capacity ratio, and is able to operate in severe weather conditions.

Production

Production Facilities

In addition to our headquarters and production base in Urumqi, Xinjiang, we operate several other production bases located in Beijing, Inner Mongolia and Gansu provinces in the PRC and an overseas base in Germany through our subsidiaries. As at June 30, 2010, the total gross floor area of our production bases was 101,596.4 square meters. In addition, we have set up integrated assembly plants in Chengde, Hebei province and Yinchuan, Ningxia province through an associate company and consignment manufacturing by a third party to supplement our production capacity.

The geographic distribution of our production bases is primarily driven by the surrounding target markets, and they are generally located in close proximity to areas with abundant wind resources and concentration of parts and components suppliers. Our production bases currently cover most of the significant PRC wind power markets. We have also established strategic supply-chain relationships so as to directly source critical parts and components from suppliers near our production bases. We believe this further reduces our costs, enhances our production control ability and increases our market competitiveness. The following table sets forth certain basic information relating to each production facility as at June 30, 2010:

Production base	Products	Production commencement	Annual capacity as at June 30, 2010[1]	Available gross floor area as at June 30, 2010 (sq.m)
Phase I, Urumqi, Xinjiang	750 kW WTG, turbine rotor and nacelle for 1.5 MW WTG	2002	500 units of 750 kW WTGs, 300 units of turbine rotor and nacelle	19,410.1
Phase II Urumqi, Xinjiang	1.5 MW/2.5 MW WTG	2008	600 units	12,646.5
Beijing, China	1.5 MW/2.5 MW WTG	2007	900 units	42,041.4
Baotou, Inner Mongolia	1.5 MW/2.5 MW WTG	2008	900 units	12,370.5
Jiuquan, Gansu	Turbine rotor and nacelle for 1.5 MW/2.5 MW WTG	2009	800 units of turbine rotor and nacelle	6,058.9
Chengde, Hebei[2]	750 kW WTG, turbine rotor and nacelle for 1.5 MW WTG	2004	500 units of 750 kW WTGs, 600 units of turbine rotor and nacelle	—
Yinchuan, Ningxia[3]	750 kW WTG, turbine rotor and nacelle for 1.5 MW WTG	2006	500 units of 750 kW WTGs, 500 units of turbine rotor and nacelle	—
Neunkirchen, Germany	1.5 MW/2.5 MW WTG	2009	100 units	9,069.0

Notes:

(1) Our production capacity may differ in accordance with changes in product mix.

(2) Assembly plant established through our associate company.

(3) Assembly plant established through our consignment manufacturing arrangements with a third party local enterprise, Ningxia Tianjing Power Equipment Co., Ltd., for exclusive production and assembling of certain components for our 1.5 MW WTGs. Under the consignment manufacturing contract, which is for a term of one year to be renewed annually, they exclusively produce these components under our direct supervision in accordance with our technical specifications and quality standards.

Our production capacity for our main product, the 1.5 MW WTG was 1,500 units as at the beginning of 2009 and for most of the year ended December 31, 2009. Subsequently in the last quarter of 2009, we realized an annual production capacity of 2,500 units of 1.5 MW WTGs, as part of our strategy to meet the estimated demand for our 1.5 MW WTGs in 2010. In 2009, we produced 1,391 units of 1.5 MW WTGs.

We also had an annual production capacity of 1,500 units of 750 kW WTGs, which was achieved before the 1.5 MW WTG became our main product in 2009. Due to our switch in our product focus and also a decrease in demand for the 750 kW WTG given new models such as our 1.5 MW WTG, we intend to gradually use the spare production capacity of 750kW WTGs for manufacturing certain components for our 1.5 MW WTGs and future WTG products. In 2009, we produced 782 units of 750 kW WTGs.

We are currently constructing new production bases in Xi'an, Shaanxi province, Nanjing and Dafeng, Jiangsu province, and Beijing, PRC. The following table sets forth certain basic information relating to each of these four production bases as at June 30, 2010.

Production base under construction	Products	Target annual capacity	Current Status	Estimated production commencement	Cost incurred (RMB in million)	Cost to completion (RMB in million)	Source of Funding
Xi'an, Shaanxi	1.5MW/2.5-MW WTG and its generator	200 units of 1.5MW/ 2.5MW WTGs and 1000 units of generators	Under construction	2010	76.5	42.5	Internal funds
Nanjing, Jiangsu	MW-level WTG	100 units	Construction design and planning	2011	25.4	490.6	Internal funds and proceeds from the Global Offering
Dafeng, Jiangsu	Turbine rotor and nacelle for MW-level WTG	300 units	Commenced construction	2010	14.5	90.5	Internal funds
Beijing, PRC	Electric control system for MW-level WTG	3,000 units	Commenced construction	2010	84.1	555.9	Internal funds and proceeds from the Global Offering

We expect our annual production capacity to increase to over 3,000 units of MW-level WTGs with sufficient supply capacity of core components for our WTGs by the end of 2010. Of the approximate 40.2% of our net proceeds from the Global Offering to be used for construction of production bases and optimization of our business operations, 20.4% will be allocated to construction of our new production facilities and the remaining 19.8% for optimization of our business operations. Among the new construction bases, the Xi'an and Nanjing production bases are designed to manufacture WTGs while the remaining are all designed to manufacture core components of WTGs. The Nanjing and Dafeng production bases are intended to manufacture MW-level WTGs mainly for offshore deployment, which is an important strategic step for our Group to enlarge our offshore WTG production capacity since market demand for offshore WTGs is expected to increase significantly. The Joint Sponsors are of the view that the above business plan is in line with our development strategies.

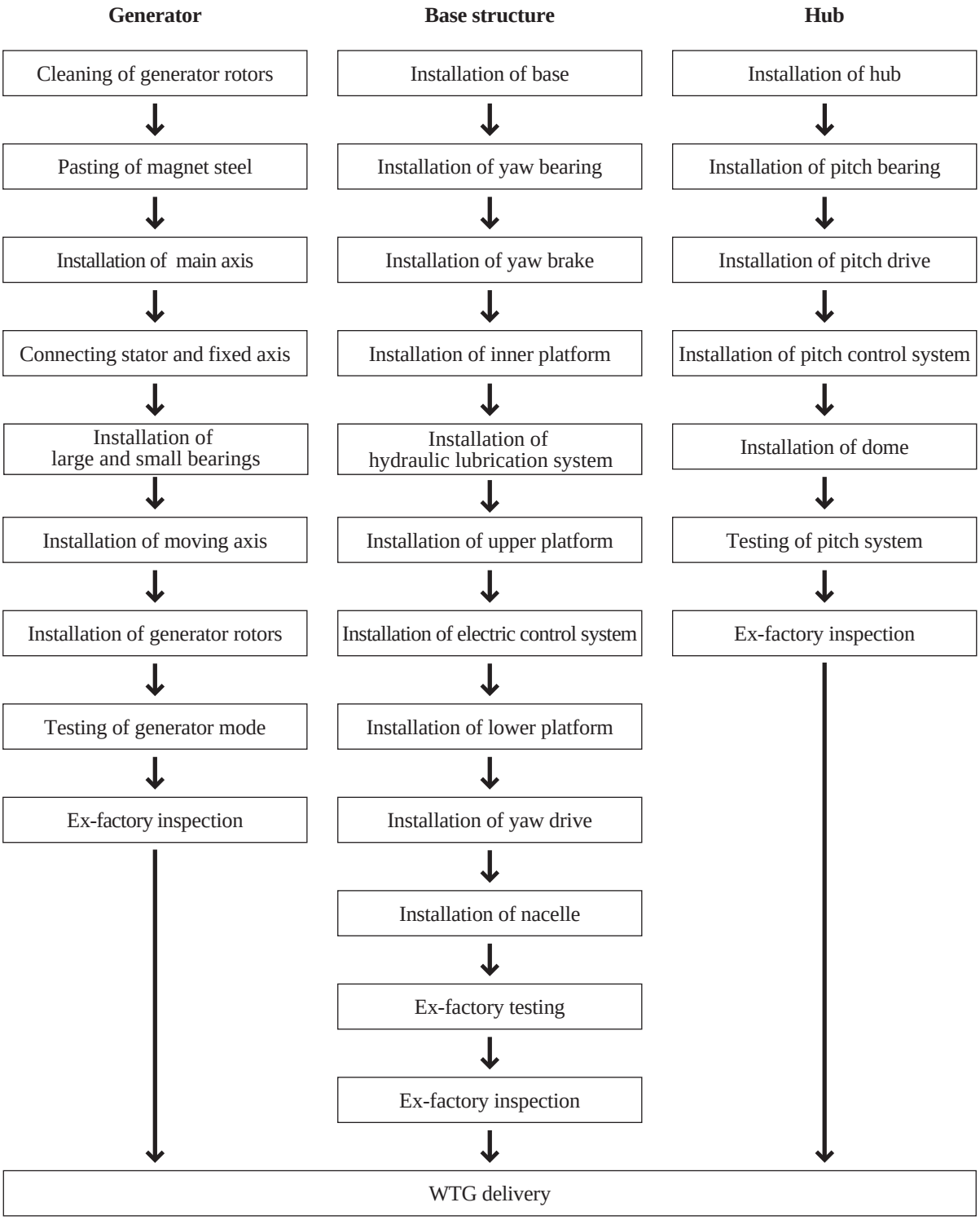
As at June 30, 2010, the total number of our manufacturing employees was 1,003. These employees undergo regular training and job rotations to ensure a complete understanding of our products and manufacturing processes.

Production Planning

We formulate an overall annual production plan for each year based on factors such as the expected demand for wind turbines, projected delivery of parts and components, the response time of the supply chain, and the projected progress of each wind farm project to ensure the timely performance of supply contracts and contractual delivery schedule of our wind turbine products. This production plan is subject to rolling adjustments in accordance with the actual conditions of supply and demand of wind turbines and parts and components, and construction progress of our customers' wind farm projects.

Production Process

Our production process is described below:



Our WTGs are transported from our production facilities to customers' sites for product delivery, following which installation of the WTGs will be arranged by our customers while we provide technical guidance.

Sales and Marketing

Overview

Our WTGs are sold through direct sales to a relatively specific and concentrated customer base. Our PRC customers are primarily large- and medium-sized power producers and renewable energy investors. We have established a marketing department and a sales department with a sales force of 110 employees, many of whom have technical backgrounds and extensive industry experience.

The sales department is directly responsible for sales and customer management and maintenance. Based on the nature of our customers' business and their operating markets, we carry out large customer management and geographical customer management. Our major customers include the five major power producers in the PRC and other enterprises investing in renewable energy. Each major customer has a specially-appointed service team who manages sales orders and provides long-term direct-sales services across all geographical regions.

Our marketing department consists of three units, namely, business development, market analysis and research and technical support. These units are mainly responsible for researching PRC domestic and overseas industry policies, market development and competition. They also formulate our sales and marketing strategies, coordinate bidding work, provide technical sales support and plan marketing activities, which include promotional events in relation to our products and services, publicity efforts, initiating contact with potential customers and strengthening relationships with existing customers and clients.

Our Sales Model

We obtain orders through tender bids, which comprise concession projects and non-concession projects. Concession projects are those for which the PRC Government organizes the bidding to select the wind farm developer and the WTG manufacturer, whereas bidding for non-concession projects are organized by wind farm developers. Otherwise, non-concession projects and concession projects generally do not differ in terms of pricing, credit policy, product warranty, payment schedule and other relevant contractual obligations. Our basic selection criteria for projects to bid on includes (1) the suitability of our WTGs to the environmental and climatic characteristics of the project area; (2) our ability to meet the requirements specified in the clauses of the bidding documents such as the construction period, terms of payment, warranty and penalties; (3) the financial condition and credit worthiness of the tenderer; and (4) the extent to which the tenderer recognizes and accepts us and our products. As our business has grown, we have encouraged our marketing department to focus their efforts on bids for larger orders. During the Track Record Period, our sales revenue from concession projects and non-concession projects accounted for 17.0%, 20.2%, 27.5% and 30.5%, and 83.0%, 79.8%, 72.5% and 69.5% of our WTG sales revenue, respectively. As at June 30, 2010, we had orders on hand for our WTGs totalling 3,790.3 MW and orders from successful tenders pending the signing of relevant WTG sales contracts totalling 1,502.0 MW.

Pricing Policy

Our pricing policy for each bid or sales contract is primarily competition driven, with primary consideration given to production costs and project return.

Credit Policy

Our credit policy towards customers varies for each of our business segments, but for our core business of sales of WTGs, we generally grant contractual credit terms of around three months.

Our WTG contractual payment schedule is generally as follows:

- Prepayment: 10% to 15% of contract price
- Progress payment: 20% to 40% of contract price
- Delivery of products: 35% to 60% of contract price
- Preliminary inspection: 10% of contract price
- Warranty letter 5% to 10% of contract price

Product Warranty

We provide comprehensive product warranties for our WTGs, and all sales contracts contain appropriate warranty clauses. After preliminary inspection, we will 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. Retention monies were retained by our customers to secure our performance of obligations during the warranty period, however, we may also alternatively choose to provide our customers letters of guarantee. 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. Generally, main product warranty clauses in our contracts include: guarantee of the WTG's stable operation in line with the contractual technical specifications and warranty guidelines stated therein, the actual measured power curve should be equal to or exceed 95% of the specified power curve, and the average availability of the WTGs shall not be less than 95%. During the warranty period, we are accountable for any problems associated with wind turbine defects, operation problems or below-standard performance. If our WTGs do not satisfy the specific performance standards as set out in the contract during the warranty period, customers may also claim against us for a penalty sum in accordance with the relevant contractual provisions.

During the Track Record Period, there was an increase in the amount of our product quality warranty provisions, mainly due to the significant increase in our product sales and the change in our product mix sold. Our main product sold was the 750kW WTG in 2007 and the 1.5MW WTG in 2009, respectively. Due to complicated structure and more expensive raw materials and components of the 1.5MW WTG, the estimated expenses related to the maintenance and repair of the 1.5MW WTG are higher than those of the 750kW WTG. In addition, we made a more sufficient provision in 2009 for the total expenses related to the warranty maintenance and repairs of the 1.5MW WTGs sold, based on the actual maintenance and repair expenses incurred for the 1.5MW WTGs sold in the previous two years, and made further product quality warranty provisions for 1.5MW WTGs sold in previous years.

As at June 30, 2010, our total amount of warranty provision outstanding was RMB608.0 million. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our amount of provision utilized was RMB7.9 million, RMB34.0 million, RMB153.4 million and RMB80.6 million, respectively. Our Directors are of the view that we have made adequate provisions for product quality warranties.

Geographical Distribution

We divide our sales network into four main regions: (i) Inner Mongolia, (ii) Northeast China, (iii) North China, and (iv) Northwest and South China. The PRC's development of wind resources is currently concentrated in the northern and coastal regions, and the grid infrastructure and connection issues experienced in the northern

region have impacted the market to some extent. Although the northern region continues to be a focus area for us, we are also keen to explore markets in the southern region as its existing grid system is relatively sound and has greater wind power development potential. Our wind turbine products are highly competitive in quality and performance, and our advanced capabilities in leading proprietary technologies serve as strong support for our market expansion. We also plan to increase efforts to develop our sales network in inland areas, including Shandong, Jiangsu and Shanxi provinces.

Overseas Business

Although our overseas operations are newly established and at a relatively early development stage, based on our current strategy, our international target markets are primarily the United States, Australia and Europe. Our German subsidiary, Vensys AG has launched its 1.5 MW WTGs in the European market and is our primary sales channel for Europe. We have set up branches in the United States and Australia to recruit international talent for our overseas business development, and have organized experienced sales teams to travel to the United States and Australia to conduct marketing activities and meet with wind power developers for discussion on collaboration opportunities. We have carefully studied the obstacles likely to be faced when entering a foreign wind power market, in particular, the lack of a track record in the market, and we have decided to invest in demonstration wind farm projects in our target markets as part of our sales strategy to display our capabilities, introduce our products and start building a track record in those markets. 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 development projects. After careful consideration and where we believe necessary, we plan to offer warranties in line with the requirements of financing providers in overseas markets, in order to develop our business successfully in these markets. Our international sales, which mainly comprised WTG and related component sales, commenced in 2008 and our grid-connected demonstration wind farm project in Minnesota, USA has commenced power generation and is managed by our U.S. subsidiary, TianRun USA. We are also actively participating in the PRC Government's foreign aid projects and have won a bid for a project in Ethiopia. Through such participation, we have been able to accumulate valuable overseas market experience beneficial to our international expansion plans.

After-sales services

We firmly believe that providing customers with the most comprehensive and timely after-sales services is the key to remaining competitive. We have in place a stringent after-sales service system with high standards to ensure the quality of our services. Our customers generally enjoy warranty service periods of 24 months from the date on which the preliminary inspection certificate is issued, and in a few instances, the warranty periods may be 30 to 60 months. We have also set up 12 service centers, forming a nationwide service and spare-part supply network, to assure our customers of minimum wind turbine downtime due to inadequate supply of spare parts and better serve their needs. Our service personnel are able to reach the customer's wind farm within 12 hours and perform any required spare part replacement within 24 hours.

During the warranty service period, we will appoint professional after-sales technical support personnel as stipulated in our contracts to provide after-sales services for our customers. Our aim is to offer our customers comprehensive service through the integration of our service, logistics and technical support units to ensure the availability of our WTGs.

In addition, we also recommend the implementation of the SCADA system for our customers to enable remote monitoring and control of the operation of their WTGs. The management of our spare parts supply is separate from our wind turbine maintenance, and our maintenance staff is required to provide a detailed description

of the technical default and the relevant solution when requesting a particular spare part. We believe that through the SCADA system and audit, management and analysis of our spare parts utilization, we are better able to ascertain the maintenance and operational status of our WTGs, which enables us to provide our customers with better-tailored services and continuously improve our products.

We intend to develop our after-sales services in line with the growth of our WTG R&D, manufacturing and sales business segment, and fund any development with working capital used for developing this business segment.

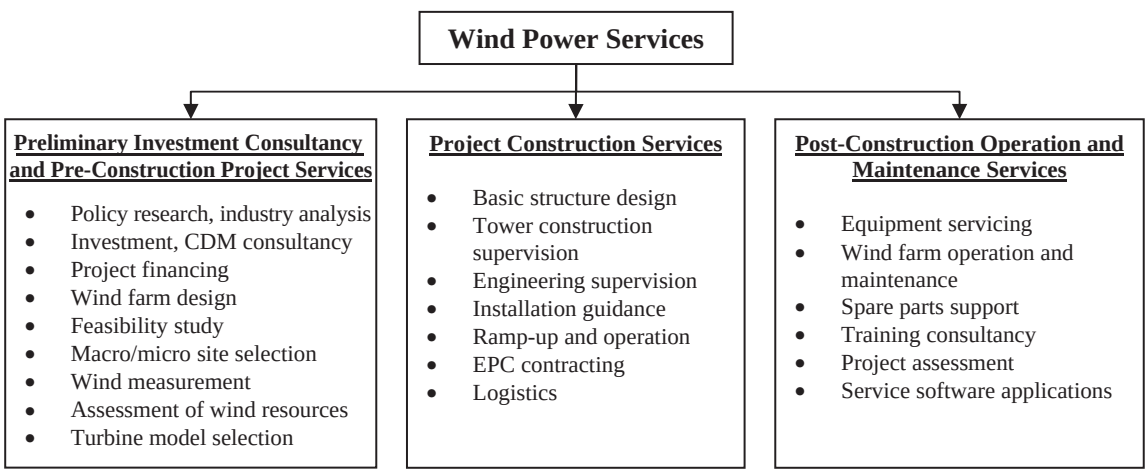
WIND POWER SERVICES

We provide a comprehensive portfolio of wind power services for customers through our subsidiary, Beijing Tianyuan, a professional wind power services company in the PRC. Our background in R&D and manufacturing as well as our experience in wind farm operation provides a distinct advantage to our service offerings. We localize our services, which enables us to increase technical content and better ensure fast response to customers' needs. We offer a complete range of services from preliminary investment consultancy and pre-construction project services, project construction services to post-construction operation and maintenance services.

We generate revenue primarily from services such as EPC contracting, logistics and maintenance. Revenue is recognized from the rendering of wind power services, when the agreed services are performed, provided over the term of the agreement. For EPC contracting services, we record revenue from the construction contracts, on the percentage of completion basis. Our costs of sales in respect of this business segment consist mainly of labor, including wages and salaries for our workers directly involved in the wind power services provided. During the Track Record Period, our revenues from this business segment were RMB9.8 million, RMB29.5 million, RMB215.4 million and RMB55.1 million, respectively, representing a CAGR of 368.0% during 2007 to 2009. Please see the section entitled "Financial Information" in this prospectus for more details.

Our Services Portfolio

We strive to create value for our customers by providing services covering the whole process of developing a wind farm project. Our wind power services can be divided into three categories as shown in the following diagram:



As at June 30, 2010, we have a professional team of 1,121 service personnel and had provided preliminary investment consultancy and pre-construction services for 308 projects, project construction services for 179 wind farms, and post-construction operation and maintenance services for 82 wind farms with total installed capacity of 4,768.1 MW.

Preliminary Investment Consultancy and Pre-Construction Project Services

Preliminary wind power investment consultancy services include policy research, industry analysis, investment consulting, project financing and CDM consulting. The majority of such work involves preparing relevant reports and communicating with our customers on our report results. Preliminary project services include feasibility studies, wind farm design, macro/micro site selection, wind measurement, wind resources assessment, and turbine model selection. Besides such paid consultancy work, we also provide customers complimentary general project investment advice, as it serves as an effective method to educate customers on wind power and develop the wind power market. Although preliminary services do not constitute a major source of profits from this business segment, they are able to create a large prospective market for sales of our WTGs and need for after-sales services which will form a continuous source of income for us. Moreover, the provision of such comprehensive preliminary services supports our efforts to expand overseas operations.

Project Construction Services

Although historically we have not provided installation services for our customers, we do provide project construction services such as basic structure design, tower construction supervision, engineering supervision, installation guidance, ramp-up and operation, and logistics. Furthermore, we have obtained the EPC contract qualification and are able to set up dedicated teams to undertake the construction of entire turnkey projects from equipment purchase, construction, installation and ramp-up to grid connection and power generation, thus providing customers with contracting services throughout the project construction period.

To better serve our customers and lower our logistics costs, we established our wholly owned subsidiary, XJ Tianyun, in 2008 to provide transportation services for our WTGs. As our projects are spread across China, we contract with regional and local third-party logistics contractors for transportation vehicle fleets, an arrangement which allows us to fully utilize their expertise in certain routes and effectively lower our costs. We primarily use road transport, with railway and air transport as alternatives. During the transportation process, we take comprehensive protection measures including reinforcing the security of the transporting vehicle, assigning escort vehicles, and providing extensive staff training on safety measures.

Post-Construction Operation and Maintenance Services

Post-construction services mainly include operation and maintenance of wind farms, equipment servicing, spare parts support, training consultancy, project assessment and service software applications. We provide wind farm owners with operation and maintenance services and assign dedicated teams to customers' sites to assist with the operation and maintenance work. We have established a wide service network that can offer customers fast and timely support, and provide maintenance and replacement of parts and components services for our products after the expiry of the warranty period. In addition, we conduct assessment of completed projects, provide staff training for wind farm owners, and provide technical consultancy services.

In addition, we recommend customized SCADA remote monitoring systems to our customers so that they are able to remotely monitor and control their wind farm operations. The SCADA system we implement assists customers with unified monitoring and control over their WTGs and wind farms. The continuous data collection of all product failure issues through the SCADA system provides timely technical support analysis and guidance to onsite maintenance crews. Through analyzing the historical operational data collected through the SCADA system, technicians are able to issue early warnings on malfunctions and prevent problems before they occur. We believe this greatly reduces maintenance costs and the workload of on-site staff, and further minimizes the costs for our customers. As at June 30, 2010, our SCADA system covered 38 wind farms, with an accumulated installed capacity of 2,595.7 MW.

Sales and Marketing

Our services are provided via direct sales to our customers, including wind farm developers and operators as well as companies investing in wind power. We have a sales and marketing team comprising personnel with industry experience who are knowledgeable about wind farm projects. Our sales team also actively develops relationships with new customers through gradual introduction of our wind power services. We will typically provide general project investment advice to understand a client's requirements and concerns, and then tailor our services offering to their needs.

WIND FARM INVESTMENT, DEVELOPMENT AND SALES

We are able to provide wind farm operators and investors with completed wind farms that we have invested in and developed, and equipped with our WTGs. Leveraging our competitive strengths in R&D, WTG manufacturing and provision of comprehensive wind power services, we believe that we offer our customers maximum value for their wind farm investment. This business segment effectively creates for us a new source of profit with strong growth potential and also contributes to the sales of our WTGs and wind power services, thereby enhancing our overall market position.

We develop and selectively sell our completed wind farms when appropriate in view of the then prevailing market conditions, and we put them into operation prior to sale, which generates revenue from power generation. We do not intend to hold our completed wind farms as long-term investment. Our wind farms in operation are managed by the specialized and experienced service personnel of our subsidiary, Beijing Tianyuan.

We generate income from sale of equity interests in the project companies we set up to develop the wind farms, and income from such sale is recorded under other income and gains. During the Track Record Period, income from sale of completed wind farms was nil, RMB263.1 million, RMB189.8 million and nil, respectively. We generate revenue from the tariffs received from the power generated by these wind farms prior to sale, which is determined based on the volume of electric power transmitted and the applicable fixed tariff rates. Our costs of sales in respect of this business segment consist mainly of depreciation costs and operational costs. During the Track Record Period, our revenue for this business segment was nil, RMB88.5 million, RMB103.7 million and RMB89.4 million, respectively. Please see the section entitled "Financial Information" in this prospectus for more details.

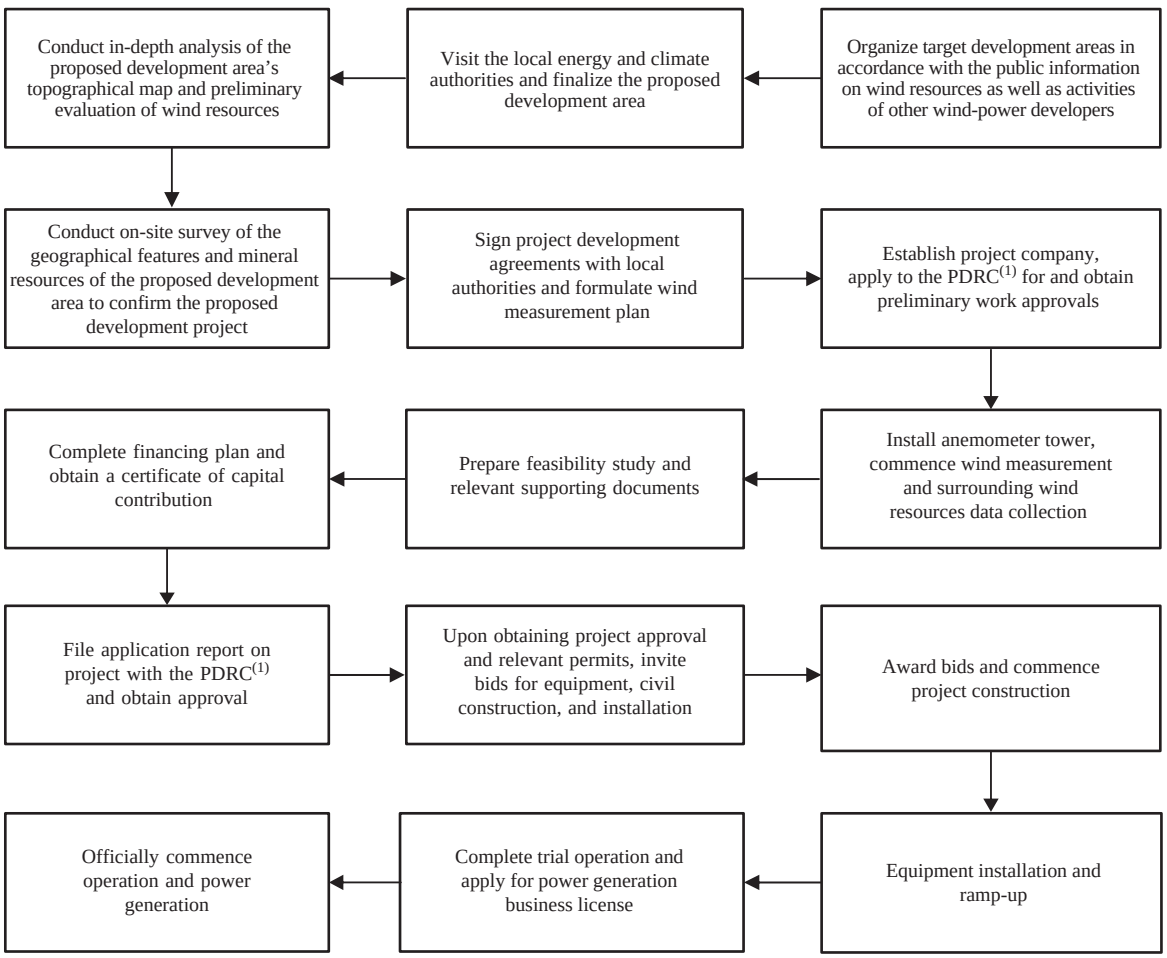
Wind Farm Project Investment and Development

We adopt a flexible model for our investment in and development of wind farms, which is divided into independent development and joint development. For independent development, we will set up project companies in which we hold the entire equity interest and are responsible for the full development process from wind measurement, filing of project application to authorities, project construction, operation of the wind farm and sale to interested investors. For joint development, we cooperate with selected partners through jointly-owned project companies on the development process. As at June 30, 2010, the wind farms completed and sold by us had an approximate total installed capacity of 198.0 MW and attributable installed capacity of 125.2 MW, wind farms completed and put into operation had an approximate total installed capacity of 202.5 MW and attributable installed capacity of 178.1 MW, and wind farms under construction had an approximate total installed capacity of 228.0 MW and attributable installed capacity of 184.5 MW.

The estimated investment costs for a typical wind farm project with an installed capacity of 49.5 MW amount to approximately RMB450.0 million comprising, among others, approximately 70% for WTG-related costs,

approximately 15% for grid connection-related infrastructure, approximately 12% for construction and approximately 3% for other expenses. Generally speaking, approximately 80% of our capital expenditures in respect of our wind farm projects is financed by the relevant project companies through bank borrowings and the remaining approximate 20% through equity investments from us and other shareholders, if any, of the relevant project companies. Further, the financial impact of the capital expenditures related to our wind farm projects are the same as capital expenditures related to our other business segments, which is dependent on our ability to maintain adequate cash inflows to meet our committed capital expenditures and the related debt obligations. We also incur interest expenses for the capital expenditures funded by bank borrowings with interest rates usually at a 10% discount to the benchmark interest rates in China. Please see the section entitled "Financial Information" in this prospectus for more details.

Our wind farm development procedure is as follows:



Note:

(1) "PDRC" means the Provincial Development and Reform Commission of the PRC.

To control the quality of our wind farm projects, we have implemented internal control standards for project development to carefully check data used in designing wind farms, and adopted internationally-recognized software applications to analyze project costs and returns. We have also strengthened internal management of quotas and

budgets to control project construction costs, and monitor the project process and implement project risk management. Moreover, we use SCADA remote management system for wind farms to ensure our assets' operation and management meet international standards.

Our Wind Farm Projects Portfolio

As at June 30, 2010, we had 14 wind farms in our project portfolio, of which nine were completed and five were under construction. Four of the nine completed projects have been sold.

Completed Projects

The following table shows projects we had completed as at June 30, 2010:

Project	Location	Installed Capacity (MW)	Effective Equity Interest (%)	On-grid Tariff rate	Status
Wulate Zhongqi Tugurige Wind Farm Phase I[2]	Inner Mongolia	49.5	51.0	RMB0.51/kWh	Sold[1]
Wulate Houqi Narenbaolige Wind Farm Phase I[3]	Inner Mongolia	49.5	51.0	RMB0.51/kWh	Sold[1]
Keshiketengqi Wutao Hainan Wind Farm Phase I[4]	Inner Mongolia	49.5	51.0	RMB0.54/kWh	Sold[1]
Tacheng Mayitasi Wind Farm Phase I[5]	Xinjiang	49.5	100.0	RMB0.58/kWh	Sold[1]
Xinjiang Buerjin 49.5 MW Trial Demonstration Wind Farm	Xinjiang	49.5	100.0	RMB0.58/kWh	Operation
Damao Qi Xinbaolige Wind Farm	Inner Mongolia	49.5	100.0	RMB0.51/kWh	Operation
Jiuquan Guazhou Liuyuan Trial Wind Farm	Gansu	49.5	100.0	RMB0.54/kWh	Operation
Keshiketengqi Wutao Hainan Wind Farm Phase II	Inner Mongolia	49.5	51.0	RMB0.54/kWh	Operation
US Minnesota UILK project	Minnesota, U.S.	4.5	97.0	US$0.064/kWh[6]	Operation

Notes:

(1) The buyers of our four completed projects were Independent Third Parties of our Company.

(2) This completed project was 100% owned by Bayannur Fuhui, which was held as to 51% by our wholly owned subsidiary, Beijing Tianrun. 100% of the equity interest of this completed project was sold by Bayannur Fuhui in November 2008 for cash consideration of RMB233.0 million.

(3) This completed project was 100% owned by Bayannur Fuhui, which was held as to 51% by our wholly owned subsidiary, Beijing Tianrun. 100% of the equity interest of this completed project was sold by Bayannur Fuhui in November 2008 for cash consideration of RMB209.5 million.

(4) This completed project was 51% owned by our wholly owned subsidiary, Beijing Tianrun. 48% of the equity interest of this completed project was sold in March 2009 for cash consideration of RMB90.4 million and the remaining 3% equity interest was sold in October 2009 for cash consideration of RMB3.3 million.

(5) This completed project was 100% owned by our former subsidiary, Tacheng Tianrun. 49% of the equity interest of this project was sold in October 2008 for cash consideration of RMB49.0 million and the remaining 51% equity interest was sold in November 2009 for cash consideration of RMB86.3 million.

(6) This is based on the tariff rate for the first commercial operation year and will progressively increase for each subsequent commercial operation year in accordance with the agreed schedule as specified in the relevant contractual agreement.

Projects under Construction

The following table shows our projects under construction as at June 30, 2010:

Project	Location	Installed Capacity (MW)	Equity Interest (%)	Construction commencement	Expected completion
Shangdu County Jiqingliang Wind Farm Phase I	Inner Mongolia	49.5	51.0	2008	September 2010
Damao Guochan Demonstration Wind Farm Phase II	Inner Mongolia	49.5	100.0	2009	August 2010(1)
Yichun Xinqing Laobai Mountain Wind Farm Phase I	Heilongjiang	30.0	66.0	2009	October 2010
Tacheng Mayitasi Wind Farm Phase II	Xinjiang	49.5	100.0	2010	November 2010
Xingqiyuan Zhurihe Wind Farm Phase I	Inner Mongolia	49.5	81.7	2010	October 2010

Note:

(1) This project had been completed as at the Latest Practicable Date.

We estimated our total capital expenditure for our five projects under construction in the above table amounted to approximately RMB1,796.3 million, including capital expenditure to be incurred for completion of these projects of approximately RMB704.1 million as at June 30, 2010. We expect to finance such capital expenditure partially with internal funding and the remaining balance through bank borrowings.

Wind Farm Sales

Due to the professional expertise required for the development of a wind farm, long development cycle and the risk of unsuccessful development, many large PRC power producers and wind farm investors prefer to directly acquire completed wind farms from vendors such as us. We generally do not engage in sales and marketing activities for our completed wind farms projects as well as projects under construction. In view of the general scarcity of completed wind farms and due to our market reputation, potential buyers usually approach us for negotiations and we evaluate the terms of their offers carefully. For our remaining completed projects and our projects under construction, we have already engaged in negotiations with potential buyers. Moreover, in light of the overall high demand for wind farms, we have entered into various legally binding agreements with different power companies or investors who have committed to acquiring most of our wind farm projects. Given the foregoing, we believe there is no risk that these projects cannot be sold.

When considering the sale of our completed wind farms, in addition to evaluation of the potential buyers and the terms of their offers, we will take into consideration various factors including the operational condition and performance of the completed projects, our development strategies, and whether it is in our commercial interest to sell the relevant completed project. Our wind farms can be sold by way of either full or partial share transfers of the equity interest of the project companies. Large domestic power producers are our major target customers for full equity transfers as they generally do not accept non-controlling shareholdings of wind farms. For partial equity transfers, only a portion of the shares of the wind farm project company is transferred, and we retain the remaining equity interest.

CUSTOMERS

The majority of our sales are derived from the PRC domestic market and our customers are primarily large power producers and other enterprises investing in renewable energy. With an excellent product line-up and competitive advantage in services, we have established and maintained stable long-term relationships with our

customers. Further, we have also provided certain customers with training, preliminary technical support and other services.

The table below contains data regarding our five largest customers for the six months ended June 30, 2010:

Customer	Main business
China Guangdong Nuclear Wind Power Co., Ltd.	Wind power generation
Gansu China Power Jiuquan Fourth Wind Power Co., Ltd.	Wind power generation
Wind Power Guazhou Co., Ltd. of China Hydropower Consulting Group	Wind power generation
Gansu Longyuan Wind Power Generation Co., Ltd.	Wind power generation
Gansu Jiuquan Huineng Wind Power Development Co., Ltd	Wind power generation

During the Track Record Period, sales to our five largest customers accounted for 39.9%, 37.7%, 38.7% and 35.9%, respectively, of our total sales revenue, while sales to our largest customer accounted for 12.1%, 16.0%, 14.4% and 8.8%, respectively, of our total sales revenue. As at the Latest Practicable Date, none of the Directors, Supervisors, or their respective associates, or any Shareholders of our Company who, to the best of the Directors' knowledge, owns 5% or more of our Company's issued shares, has any interest in any of our five largest customers.

Our relationships with our customers continue to be strong in 2010, and we have received and expect to continue to receive significant orders from our large customers, including affiliated companies of our five largest customers.

SUPPLIERS

We enjoy long-term relationships with our suppliers, including those in which we have invested. Due to the lack of suppliers in the PRC that can meet our technical specifications, we have dedicated significant resources to develop reliable suppliers such as providing training and labor resources to some of our suppliers. Our teams work closely with these suppliers to ensure that the quality and technical specifications of their parts and components meet our standards. We may also invest in some suppliers experiencing a sudden shortage of resources, or those that are in need of capital funding for long term growth, so as to ensure the stability and quality of our supply chain as well as better control our costs. As at June 30, 2010, we provided financial resources to several companies, including:

- constructing a production facility, which is leased to LM Glasfiber (Xinjiang) Co., Ltd. to exclusively produce blades for our WTGs that we purchase at market price. The relevant construction costs were recorded under investment properties; and
- making equity investments of RMB7.0 million, RMB34.0 million, RMB17.5 million, RMB1.0 million and RMB1.0 million in China Water Xi'an[(1)], Jiangxi Jinli Mag Rare-Earth Co., Ltd.[(2)], Jiangsu Chenfeng New Material Technology Co., Ltd.[(2)], China Water Baotou[(1)] and Jiuquan Xinmao Technology Wind Power Equipment Co., Ltd.[(3)], respectively. We currently hold a 4.67%, 34%, 35%, 5% and 5% equity interest in each of these five companies, respectively. All of these five companies are principally engaged in the production and sale of components and raw materials for wind power equipment.

[(1)] China Water Xi'an and China Water Baotou are subsidiaries of China Three Gorges New Energy.

[(2)] Jiangxi Jinli Mag Rare-Earth Co., Ltd. and Jiangsu Chenfeng New Material Technology Co., Ltd. are private companies.

[(3)] Jiuquan Xinmao Technology Wind Power Equipment Co., Ltd. is a subsidiary of a company listed in the PRC.

During the Track Record Period, the aggregate amount of purchases by us from the abovementioned suppliers was RMB37.4 million, RMB485.2 million, RMB873.0 million and RMB352.3 million, respectively. We did not enjoy any preferential terms from these suppliers and do not have a formal investment policy in respect of such investments.

We collaborate with external suppliers to manufacture most of our parts and components. These parts and components are manufactured based on our designs, drawings, technical parameters and quality standards. Our parts and components supply contracts generally include exclusivity clauses prohibiting sales of the same parts and components to our competitors. Please see the section entitled "Risk Factors — Risks Relating to Our Business — We may not be able to obtain timely and stable supply of the core parts and components required for our business" in this prospectus. The pool of suppliers for our requisite main parts and components is relatively concentrated. To further ensure a stable supply, we are actively enhancing our abilities to develop and manufacture certain core parts and components for our WTGs. We have signed short-term supply contracts of one to two years with our five largest suppliers. The main contractual clauses cover products supplied, contract price, payment terms, intellectual property rights, dispute settlement and termination. Payment is made in phases.

During the Track Record Period, purchases from our five largest suppliers accounted for 47.6%, 39.4%, 25.8% and 37.4%, respectively, of our total purchases, while purchases from our largest supplier accounted for 23.7%, 13.1%, 6.6% and 9.9%, respectively, of our total purchases. China Three Gorges New Energy, our Substantial Shareholder, holds a 34.1% equity interest in one of our five largest suppliers for the six months ended June 30, 2010, Sinomatech Wind Power Blade Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors, or their respective associates, or any Shareholders of our Company, who, to the best of the Directors' knowledge, owns 5% or more of our issued shares, has any interest in any of our five largest suppliers.

PARTS AND COMPONENTS

The core parts and components we source include blades, generators, electric control systems and structural parts. Externally purchased parts and components account for the majority of our operating costs. We also manufacture in-house certain of these core parts and components, of which some of the processing materials used to manufacture them are produced by external suppliers through consignment manufacturing arrangements. These consigned processing materials consist mainly of parts for generators and converters.

Most of our parts and components are purchased from PRC domestic suppliers, and each part or component is sourced from at least three to five designated suppliers. As the purchase of parts and components represents a key element in our quality and cost control, we have established an internal management system for overall management of the sourcing procedures, including requests for purchasing materials, quotation, delivery receipt, inspection, payment, supplier assessment and order maintenance. The primary purpose of this system is to control costs while ensuring high product quality.

Inventory

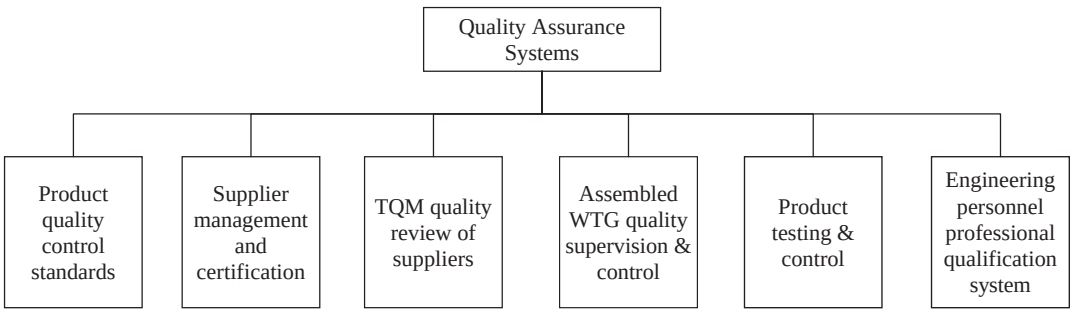
We have developed an inventory management policy and set inventory targets according to market conditions. We have also specified the control processes and supervisory procedures for all the stages in transportation and storage of parts and components. Our inventory mainly comprises bearings, cast structure parts, generator stators and generator rotor structure parts, and our inventory policy is based on our production plans and spare parts demand arising from project maintenance. It is not necessary for us to hold completed WTGs in inventory, as large

wind power equipment is characteristically made-to-order. We do maintain an inventory of certain spare parts in anticipation of our customers' needs during the warranty period and also to accommodate the 20-year lifespan of our WTGs. Inventory of other parts and components including those used in the production process will be maintained in accordance with monthly production plans.

QUALITY ASSURANCE

We have always focused on quality as a core competitive strength, and been committed to producing technologically-advanced and operationally stable WTGs of high quality.

We have established and refined six main quality assurance systems as shown in the diagram below. These systems cover every aspect of our business from signing of the sales contract, product development and design, setting of product quality standards, supplier management and review, assembly, transportation and packaging of WTGs, installation and ramp-up during the wind farm project construction process, and after-sales operation and maintenance services:



Our quality control team presently consists of 169 employees, who are responsible for setting of quality standards, product testing and measurement, and quality promotion, process control and quality information management throughout the product lifespan. We have set up a supplier quality control team to carry out TQM quality review and control of the suppliers' entire production process. We also have in place a team of quality control personnel to supervise the general assembly and production of complete WTGs and project sites. Further, we have set up an after-sales quality management unit to supervise the quality of our after-sales service team and build our service brand.

In 2007, we established our testing and measurement center in Xi'an, which is equipped with a geometric laboratory and physiochemical testing laboratory, an experienced team of testing and measurement personnel, and advanced, precision equipment. Further, we conduct training and review of our engineers' knowledge and skills through implementation of our professional qualification system. We have set up an expert consultancy system to help solve various technical and quality problems that arise during the design of parts and components, production processes, as well as during testing and inspection.

We obtained the ISO 9001:2000 certification in October 2003 and the ISO 9001:2008 certification in December 2009.

R&D

Overview

Our R&D activities have a history of more than ten years, and we have strong independent R&D capabilities. We have developed numerous series of WTG models which are adapted to the diverse operating conditions in the

PRC. Our highly-regarded R&D team possesses considerable wind power industry experience and we have established a superior technology development platform. Most Chinese WTG manufacturers generally acquire wind turbine technologies through licensing, however, we independently developed our MW-level WTGs. Since our establishment, we have been committed to the development of new products, the upgrading of existing technologies, the meeting of changing market requirements, and the introduction of advanced international technologies into China. With our wealth of wind power industry experience, a deep understanding of the environmental and wind resource conditions in China, and through our continuous innovation and improvement of advanced technologies, we have accomplished significant achievements in WTG R&D. As a result, we believe our products and technologies have been able to maintain a leading position in the PRC wind power industry.

Our main innovations are in the areas of the design of our WTGs, electric control systems, core mechanical parts and components as well as the design and manufacture of permanent magnet generators, converters and our performance testing and inspection capabilities.

Please see the section entitled "Financial Information — Critical Accounting Policies — R&D costs" in this prospectus for our R&D expenditures during the Track Record Period.

Structure of Our R&D Organization

We have established R&D centers in Beijing and Urumqi, PRC and in Neunkirchen, Germany, each staffed with specialized teams to carry out studies on specific technical topics. In 2004, we were approved by MOST to set up China's first national wind power engineering technology R&D center, which was subsequently officially recognized in 2008.

As at June 30, 2010, our R&D team comprises more than 300 personnel, of which 40% has more than five years of wind power experience, more than 90% has at least three years of wind power experience, 12 employees have obtained PhDs and more than 140 have obtained master's degrees. Our R&D system consists of nine departments, being Technology R&D, General Technology, Mechanical Design, Process Technology, Motor Technology, Testing Technology, Product Development, Pilot Development and Technical Support.

We have set up a full-power performance testing laboratory at our Beijing production base as well as a complete WTG testing laboratory in Urumqi to facilitate product R&D, inspect and test our WTGs and their parts and components. Ground simulation of our WTGs and various tests on the control safety, electromagnetic compatibility, load control, permanent magnet generators and electric control systems as well as overall performance of our WTGs are carried out by these two testing laboratories.

Through our R&D centers, we have developed a complete system from design, research, development and testing to the commencement of production and succeeded in building an integrated international/domestic R&D network.

Our R&D Mechanism

We have set up effective R&D operations so that we can mobilize our various resources in connection with any R&D project. Our R&D work is subject to project-based management, which consists of three stages: project establishment, mid-term review and final acceptance. To ensure successful implementation of the project and motivate team members from different departments, our project management policy provides for performance-based evaluations of team members.

Moreover, we have established reward measures for on-the-job inventions and other technological advancements. Our R&D efforts are guided by a technical decision-making committee, which has established working rules for project selection and management. We believe these effectively create and promote a culture of innovation within our Group.

Product Technology R&D

Our development of product technologies has undergone three stages — from technology importation to joint development to independent development. We have continually emphasized enhancing independent R&D capabilities. We have also built a R&D system based on close collaboration with domestic and overseas scientific research institutions, design companies and parts and components suppliers.

Our 600 kW and 750 kW stall-regulated WTG models were developed on the basis of technologies originally licensed from several suppliers in Germany and industrialized through adaptation of such technologies, further development, integration and innovation. There was no infringement of others' intellectual property rights arising from or related to such licenses. Since 2002, we have built a long-term strategic partnership with the German design and engineering company, Vensys AG, to collaborate in the development of the 1.2 MW and 1.5 MW WTG models.

Since 2007, we have shifted to independent development of our products. This shift resulted primarily in the development of key technologies for our 1.5 MW direct-drive permanent magnet WTGs and the development and design of our 2.5 MW direct-drive permanent magnet WTG, 3.0 MW hybrid-drive WTG and 6.0 MW WTG. In addition, we conducted an extensive study of key components such as the electric control system. In order to fully exploit the wind power technology research talent in Germany, in 2008 we acquired our German cooperative partner, Vensys AG, which enhanced our R&D capabilities and enabled our direct-drive technology products to enter the international market. As at the Latest Practicable Date, we have successfully produced five units of our 2.5 MW direct-drive permanent magnet and one unit of our 3.0 MW hybrid-drive WTG prototypes, and have commenced commercial production of our 2.5 MW WTGs during 2010. In addition, we are developing our 6.0 MW WTGs. We have also set up a project team focusing on the study of key technologies of offshore WTGs.

Over the years, we have engaged in extensive cooperation with renowned international entities such as the UK design firm, Garrad Hassan, and the Netherlands-based design company, Mecal. Through continuous importation, assimilation and innovation of wind turbine technologies over the years, we have achieved significant R&D milestones. Apart from the primary innovations mentioned above, we have upgraded our main product from the initial 600 kW stall-regulated WTG model to the current 1.5 MW direct-drive permanent magnet WTG model. Moreover, we own multiple proprietary technologies. Please see the subsection below entitled "Business — Intellectual Property" for more details.

Participation in Developing National and Local Standards and Undertaking of Scientific Research Programs of the State

During the Track Record Period, we have been inducted as a member of the National Wind Power Standardization Work Committee and played a leading role in drafting three national wind power standards and five local standards and are currently involved in the drafting of a further three such national standards. We have long been involved in many science and technology programs, including:

- five national 863 programs;
- two programs in the "11th Five-Year Science and Technology Support Projects";

- three 10th Five-Year Key Science and Technology Programs;
- one 9th Five-Year Key Science and Technology Program;
- three NDRC Scientific Research Programs;
- five MOST programs;
- two Ministry of Water Resources 948 programs; and
- 23 Xinjiang scientific research programs, focusing on the R&D of direct-drive permanent magnet WTGs and their core parts and components as well as electric control systems of WTGs.

Of the abovementioned programs, 30 have been completed while 14 programs were ongoing as at the Latest Practicable Date.

INTELLECTUAL PROPERTY

Intellectual property rights are essential for our business. In the PRC, we own 21 registered trademarks, 31 patents and six proprietary technologies. We continue to apply for new patent rights in the PRC for the products and technologies we develop, and are currently applying for 26 patents, including 19 pending invention patents, and 30 pending trademarks. We also own eight registered trademarks in Hong Kong. In Germany, we registered four trademarks and three patents and are applying for five pending patents as well. Further, we own other intellectual property such as non-registered trade secrets, proprietary technologies, procedures and processes.

We have taken the following measures to protect our intellectual property rights:

- Signing of confidentiality agreements with suppliers to protect our trade secrets;
- Signing of trade secret protection agreements with employees; and
- Implementing the international registration and expanded-scope registration of our registered trademarks.

More information about our intellectual property rights (including pending patents and trademarks) is set out in the appendix entitled "Appendix VIII — Statutory and General Information — 3. Further information about the Business" to this prospectus. As at the Latest Practicable Date, no lawsuit has been brought against us, nor have we initiated any lawsuits for intellectual property rights infringement.

EMPLOYEES

As at June 30, 2010, we employed a total of 3,164 employees (including contract labor staff) which are classified as follows:

Competency	Number of Employees	Percentage of the total number of employees (%)
R&D and technical	511	16.1
Production	1,003	31.7
Sales and marketing	110	3.5
Service	1,121	35.4
Management and other administration	322	10.2
Finance	97	3.1
Total	3,164	100.0

We have 3,041 employees (including contract labor staff) in the PRC and 123 overseas employees. During the Track Record Period, our labor costs were approximately RMB121.8 million, RMB182.9 million, RMB254.4 million and RMB114.4 million, respectively.

We provide management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge. We sign individual employment agreements with our employees, covering, among other things, salaries, benefits, training, workplace safety and hygiene, confidentiality obligations relating to trade secrets and grounds for termination. The remuneration package of our employees includes salary, bonuses and allowances. Our employees also receive welfare benefits including medical care, housing subsidies, retirement and other miscellaneous benefits. To increase our competitiveness, attract and retain top talent, and better maximize value to our Shareholders, we intend to introduce and implement share incentive schemes as appropriate after the Listing, subject to approval by the relevant regulatory authorities and compliance with the Articles of Association and the Listing Rules.

Our employees (excluding contract labor staff) are members of a trade union affiliated with the All China Federation of Trade Unions. As at the Latest Practicable Date, we have not experienced any major labor dispute or other labor disturbances that have interfered with our operations, and our employee relations are favorable.

WELFARE CONTRIBUTIONS

We must comply with PRC laws and regulations relating to social welfare, including the *Interim Regulations Governing the Receiving and Payment of Social Security* issued by the State Council, which establishes the basic measures for receiving pension payments, medical insurance payments and unemployment insurance payments. Also to be complied with are the *Regulations Governing the Public Housing Reserves* issued by the State Council, which sets out the regulations related to the public housing reserves contributed by employers and employees, and other laws and regulations related to social insurance such as work injury insurance and maternity insurance.

In accordance with applicable Chinese regulations, we currently participate in social insurance contribution plans organized by the relevant local governments, under which we are required to pay in respect of each of our relevant employees a monthly contribution. The amount of contribution may vary depending on a number of factors, including the requirements of the relevant local government and the income of the employee. We currently provide employees with a pension insurance program, medical insurance program, unemployment insurance program, individual work injury program, maternity insurance contributions and employee public housing reserve

contributions. During the Track Record Period, the total amount of our contribution was approximately RMB11.8 million, RMB27.0 million, RMB40.7 million and RMB31.2 million, respectively.

We believe we have complied with all applicable national, local and foreign laws and regulations relating to social welfare and have paid in full the social security premiums and contributions payable as required by relevant laws and regulations and we have never been penalized for a violation of these laws.

SAFETY AND ENVIRONMENTAL PROTECTION

Safety and Labor Protection

We have taken measures to ensure compliance with applicable national, local and foreign laws and regulations concerning workspace safety. We have full-time safety management personnel responsible for supervising workplace safety and occupational health, hygiene and safety, as well as performing internal safety checks during the production process to minimize accidents, injuries and occupational diseases. We obtained the GBT 28001-2001 certification in December 2009. Our PRC legal advisor has confirmed that we have satisfied all requirements established by relevant laws and regulations and have obtained all licenses necessary to perform work in our production bases during the Track Record Period.

In order to further strengthen workplace safety compliance policies, we plan to develop operational rules for employees, and dedicate more training resources to prevent implementation of policies and practices in violation of relevant laws and regulations, and to prevent employees from committing violations of our workplace safety policies and procedures. As at the Latest Practicable Date, we have not experienced any major workplace or industrial accidents.

Environmental Protection

Our operations are currently subject to environmental laws and regulations relating to construction and operation of renewable energy generation facilities, noise control, air and water emissions, water and ground protection, hazardous substances and waste management. Please see the subsection entitled "Regulations — Environmental Protection" in this prospectus for more details. During the Track Record Period, our cost of compliance with the applicable environmental rules and regulations was approximately RMB0.4 million, RMB1.5 million, RMB1.0 million and RMB1.0 million, respectively. Our expected cost of compliance for 2010 is approximately RMB5.3 million.

As the industry in which we operate is not a major source of environmental pollution, we believe that the impact of our operations on the environment is minor and we have taken all necessary internal environmental protection measures. Our PRC legal advisor has confirmed that we were in full compliance with relevant environmental protection rules and regulations, not subject to any fines or administrative actions involving non-compliance with any relevant regulations, and did not experience any environmental pollution accident during the Track Record Period. We have adopted advanced technologies and equipment to prevent and minimize pollution and we have not experienced any major accident causing environmental pollution.

We will also maintain strict compliance with applicable local laws and regulations concerning health, safety and the environment in respect of our overseas operations. Before deciding to carry out business in foreign jurisdictions, we will take into account our ability to comply with local laws. Our health, safety and environment — related departments will conduct regular inspection and monitor compliance by our subsidiaries with related local health, safety and environmental laws and regulations of those foreign jurisdictions in which our overseas

operations are located. Where necessary, we will appoint local legal advisors to provide advice concerning relevant regulations. We obtained the ISO14001:2004 certification in December 2009.

INSURANCE

We have purchased insurance coverage for our products, certain properties, machinery and equipment, automobiles and other assets owned, operated or deemed important by us. For instance, we have purchased product quality insurance and equipment insurance coverage for our WTGs. The scope of product quality insurance covers equipment damage due to defects, and the scope of equipment damage insurance covers damage caused by centrifugal force, short-circuits, over-voltage and other physical reasons.

In accordance with industry practices in China, our own experience in operating our business, and the recommendations of insurance companies, the Directors believe that we have purchased sufficient insurance coverage. We have not purchased any third party liability insurance coverage for claims relating to personal injury, assets or environmental damage arising from our operations, nor have we purchased any insurance for interruptions of our business or environmental liability, which, in our opinion, is consistent with customary practices. During the Track Record Period, we have not experienced any major operational problems, such as equipment failure, or failure to meet standards, improper equipment operation and industrial accidents, nor any business interruptions as a result of fire, power shortages, software or hardware malfunctions, flood, computer virus or other events beyond our control. Please see the sections entitled "Risk Factors — Risks relating to our business — We are subject to the risk of product liability claims and in some cases may not have sufficient insurance coverage" and "Risk Factors — Risks relating to our business — Substantial damage to persons or loss of property may occur in the course of our production and construction processes", respectively.

PROPERTIES

Owned Properties in the PRC

As at June 30, 2010, we owned, held or occupied 99 parcels of land with an aggregate site area of 1,294,081.0 square meters, 120 buildings or units with an aggregate gross floor area of 109,480.0 square meters in the PRC, as well as 13 buildings or units under construction with an aggregate gross floor area of 97,848.4 square meters. The independent valuer had valued the abovementioned properties as at June 30, 2010. The text of the letter and the valuation report issued by the independent valuer are set out in the appendix entitled "Appendix IV — Property Valuation" to this prospectus.

Land use rights (excluding land for property under construction)

As at June 30, 2010, we obtained land use right certificates for 89 parcels of land with an aggregate site area of 840,792.3 square meters. We have not signed the state-owned land use right grant contract for one parcel of land with a site area of 80.0 square meters. Upon signing of the relevant contract, we will apply for the land use right certificate for this parcel of land. However, the timing for completing the requisite land procedures and obtaining this certificate is beyond our control. This parcel of land will be used for staff quarters and is not crucial to our business operations. Our PRC legal advisor has confirmed that there is no material legal impediment to our obtaining the relevant land use right certificate, and that we are not in breach of any relevant laws and regulations for

the absence of the certificate. However, prior to our obtaining the land use right certificate, our rights in respect of this parcel of land are not fully protected under PRC laws.

Land for property under construction

As at June 30, 2010, we had nine parcels of land with an aggregate site area of 453,208.7 square meters used as project construction sites. Among these nine parcels of land, we had obtained land use right certificates for five parcels of land with an aggregate site area of 287,334.7 square meters, and we signed the state-owned land use right grant contracts for two parcels of land with an aggregate site area of 45,874.0 square meters. These two parcels of land constitute:

- one parcel of land with a site area of 22,871.0 square meters to be used for development of our future wind farm project, Damao Guochan Demonstration Wind Farm Phase II, located in Inner Mongolia under our wind farm investment, development and sales business segment.
- one parcel of land with a site area of 23,003.0 square meters to be used for development of our future wind farm project, Tacheng Mayitasi Wind Farm Phase II, located in Xinjiang under our wind farm investment, development and sales business segment.

Our PRC legal advisor has confirmed that there is no material legal impediment to our obtaining the relevant land use right certificates for the abovementioned two parcels of land, and that we are not in breach of any relevant laws and regulations for the absence of the certificates. However, prior to our obtaining the land use right certificates, our rights in respect of these parcels of land are not fully protected under PRC laws.

We have not signed the state-owned land use right grant contracts pending consummation of the relevant land acquisition procedures for two parcels of land with an aggregate site area of 120,000.0 square meters. These two parcels of land constitute:

- one parcel of land with a site area of 30,000.0 square meters to be used for construction of our future WTG and components production facility located in Shaanxi province under our WTG R&D, manufacturing and sales business segment.
- one parcel of land with a site area of 90,000.0 square meters to be used for development of our future wind farm project, Xingqiyuan Zhurihe Wind Farm Phase I, located in Inner Mongolia under our wind farm investment, development and sales business segment.

We estimate that the land premium in respect of these two parcels of land is approximately RMB9.1 million and expect to fund this payment with our working capital. Our PRC legal advisor has confirmed that after we have signed the state-owned land use right grant contracts and fully paid the land premium, there is no material legal impediment to our obtaining the relevant land use right certificates, however, prior to our obtaining the land use right certificates, our rights in respect of these two parcels of land are not fully protected under PRC laws.

Buildings (excluding buildings under construction)

As at June 30, 2010, among the 120 buildings or units that we owned, held or occupied, we obtained the building ownership certificates for 98 buildings or units, with an aggregate gross floor area of 106,086.6 square meters. We have applied for and are in the process of obtaining the building ownership certificates for 21 units, with an aggregate gross floor area of 3,233.4 square meters. The timing for obtaining these building ownership certificates is beyond our control. The abovementioned buildings, located in Beijing and Gansu province, are used as staff dormitories and for production purposes. As such, these properties will not have a material adverse effect on

our current business operations. Our PRC legal advisor has confirmed that there is no legal impediment to our obtaining the building ownership certificates of the foregoing units after the required procedures are completed. We are not in breach of the relevant laws and regulations and not subject to any risk of penalties or sanctions. Prior to our obtaining the building ownership certificates, we are entitled to occupy and use these 21 units, and after we have obtained the certificates, we are entitled to occupy, use, assign, lease, pledge or otherwise dispose of the ownership rights of these 21 units in accordance with applicable PRC laws.

As at June 30, 2010, we obtained the building ownership certificate but had not applied for the land use right certificate for one building in Xinjiang with a gross floor area of 160.0 square meters, which is primarily used as a staff dormitory. We are in the process of signing the land use right transfer contract with the land use right owner of this building, and our PRC legal advisor has confirmed that after the relevant land use right certificate has been obtained, we are entitled to occupy, use, assign, lease, pledge or otherwise dispose of the ownership rights of this building in accordance with applicable PRC laws.

Buildings under construction

As at June 30, 2010, we had 13 buildings under construction, with an aggregate gross floor area of 97,848.4 square meters. Our PRC legal advisor has confirmed that, except for five buildings with an aggregate gross floor area of 3,548.3 square meters for which we did not have or were in the process of applying for and obtaining proper construction licenses, we had obtained all proper construction licenses for the buildings under construction. The five buildings under construction constitute:

- one building under construction with a gross floor area of 1,635.1 square meters to be used for our future wind farm project, Tacheng Mayitasi Wind Farm Phase II, located in Xinjiang under our wind farm investment, development and sales business segment.
- four buildings under construction with a gross floor area of 1,913.2 square meters to be used for our future wind farm project, Xingqiyuan Zhurihe Wind Farm Phase I, located in Inner Mongolia under our wind farm investment development and sales business segment.

We are in the process of applying for and obtaining the construction licenses for the foregoing five buildings. Our PRC legal advisor has confirmed that there is no legal impediment to our obtaining the relevant construction licenses for the five buildings, and the current lack of these licenses will not have a material adverse effect on our operations. However, the timing for obtaining these licenses is beyond our control. Our PRC legal advisor has advised us that we face the risk of penalty or sanction, including an order to cease construction from the relevant PRC authorities and fines up to 10% of the relevant construction costs due to our lack of proper construction licenses.

Given the buildings under construction for which we have not obtained the relevant construction licenses relate to two of our wind farm projects under construction, we are of the view that the lack of the relevant proper construction licenses is not crucial to our current business operations.

Leased Properties in the PRC

As at June 30, 2010, we leased 22 buildings or units, with an aggregate gross floor area of 28,855.4 square meters, which are primarily used for production, corporate purposes or as an office. Our PRC legal advisor has confirmed that the building ownership certificates of the aforementioned leased properties have been obtained, our lease agreements with the lessors were duly signed, of which three have been properly registered, and our leasing of

the aforementioned properties complies with the requirements of the relevant PRC laws and regulations and is legal and valid.

Overseas Properties

Germany

As at June 30, 2010, we owned and occupied six parcels of land, with an aggregate site area of 37,298.0 square meters, six buildings, with an aggregate gross floor area of 10,874.1 square meters, and an industrial building under construction with a planned gross floor area of 1,600.0 square meters, in Germany. These are primarily used as the production facilities of Vensys AG and Vensys Elektrotechnik. We also leased six properties in Germany, with an aggregate gross floor area of 1,497.0 square meters, which are primarily used as the production facilities and staff quarters of Vensys AG and Vensys Elektrotechnik.

United States

As at June 30, 2010, we leased two parcels of land, with an aggregate site area of 647,497.0 square meters in Minnesota, U.S. These are primarily used for industrial purposes.

LEGAL PROCEEDINGS AND REGULATIONS

We may be involved in certain legal proceedings during the course of our business operations. As of the Latest Practicable Date, our Directors confirm, to the best of their knowledge, there exists no pending or threatened litigation, arbitration matters or other legal proceedings that may have a material adverse effect on our financial condition, results of operation, reputation, business activities, or future prospects.

In accordance with the Licensing Provisions 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. As at the Latest Practicable Date, we had not obtained the power generation license for one wind farm located in Keshiketenqi, Inner Mongolia, which we currently own and started operating in June 2010. We are in the process of applying to SERC for the power generation business license but the timing for obtaining the license is beyond our control. Prior to obtaining this license, our income generated from operation of this wind farm may be confiscated and fines up to an amount five times of such income may be imposed. Our PRC legal advisor has advised that there is no legal impediment to our obtaining the relevant power generation business license, and the current lack of this license will not have a material adverse effect on our operations.

We have not obtained certain permits and certificates in respect of our properties. Please see the subsection entitled "— Properties" above for more details on our properties with defective titles.

Save as disclosed above, our PRC legal advisor has confirmed that we are in full compliance with all related laws and regulations, and have obtained all licenses, approval documents and permits necessary for the operation of our business in the PRC. Following the Listing, we will continue to use our best efforts to comply with the laws and regulations as applied by the relevant regulatory authorities in the PRC.

We are also engaged in operations in Germany, the United States and Australia. Apart from PRC laws, we are also bound by the laws and regulations of these countries and regions as well as international treaties such as the Convention on International Sales of Goods. Our Directors confirm, to the best of their knowledge, we have obtained all requisite licenses, permits and approvals, and complied with all applicable laws and regulations in these overseas jurisdictions.