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

## RISKS RELATING TO OUR BUSINESSES AND INDUSTRIES

***The development of the environmental protection industry is highly dependent on the PRC Government's pollution control policies.***

We provide substantially all our environmental protection products and services in the PRC. To enhance its efforts in pollution abatement, the PRC Government has promulgated a series of laws and regulations regulating pollution issues of certain industries, including the coal-fired power industry. These rules cover issues such as general policy support for the development of the environmental protection industry, mandatory requirements for the installation of certain environmental protection equipment such as desulfurization equipment, maximum emissions standards which are increasingly rigorous, and pilot plans for new business models in the environmental protection industry which aim to increase the effectiveness and enforcement of mandatory emission standards. Accordingly, demand for our environmental protection products and services and our revenue generated from this business segment, are directly linked with the environmental protection requirements imposed on our current and target customers. For example, the $SO_2$ emissions reduction service industry in China experienced a surge in 2008 after the PRC Government imposed compulsory requirements on the installation of desulfurization equipment and tightened emissions controls. Similarly, as a result of the PRC Government's policy imposing more stringent requirements on NOx emissions in 2010, demand for SCR services significantly increased due to its effectiveness in removing NOx pollutants and hence in meeting the new requirements.

The development of our business in this area and competition in this industry are also greatly dependent on government policies. For example, we and our competitors in the industry have traditionally provided desulfurization services through the EPC model. Upon the issuance of the *Notice of Pilot Plan of Concession of Fossil-Fired Power Plant Flue Gas Desulfurization (*《關於開展火電廠煙氣脱硫特許經營試點工作的通知》*)* (the "**Notice**") by the NDRC and the Ministry of Environmental Protection in 2007, we became one of the few authorized service providers for the provision of desulfurization services on a concession basis under the pilot plan. Under the desulfurization concession model outlined in the Notice, an authorized concessioned desulfurization service provider acts as the operator; its revenue recognized thereunder is comprised mainly of a governmental on-grid subsidy of approximately RMB1.5 cents per kWh of electricity generated by the power plant. The subsidy is provided by the PRC Government as a measure to incentivize reduction of the air pollution emitted by the coal-fired power plants. In November 2011, the NDRC also announced a direct subsidy of

RMB0.8 cent per kWh for NOx removal services, which became effective in a selection of 14 PRC provinces starting from December 1, 2011 and is expected to result in the substantial development of the NOx removal industry. However, we cannot assure you that the current subsidies for the environmental protection industry will continue or that additional subsidies for the industry will be granted.

The draft 12th Five-Year Plan of the PRC Government provides that the environmental protection industry will be one of the key industries to receive continuous government support. However, there can be no assurance that the specific favorable policies which are currently available will continue to exist. In addition, these policies and incentives may attract additional new market entrants and may encourage other products or services which may achieve greater pollution control effects than our products and services. There can therefore be no assurance that we will directly benefit from the changed industry policies. Furthermore, as power plants have commenced their efforts in meeting the Government's policies and have been in substantial compliance with some of the requirements which were introduced a few years ago, such a market or business for pollution control and the demand for a specific service may be reduced.

***Reduction or termination of government support or subsidy for renewable energy industries in China or elsewhere could adversely affect our businesses.***

Our renewable equipment manufacturing and integrated solutions services businesses have been partly driven by government support and economic incentives for renewable energy industries.

In recent years, in order to address its concerns on sustainable development and energy consumption, the PRC Government has issued a series of government policies and incentives to support and promote the development and use of renewable energy, including wind and solar power. These include *the Renewable Energy Law of the PRC* (《中華人民共和國可再生能源法》), *Medium-to-Long Term Development Plan for Renewable Energy* (《可再生能源中長期發展規劃》), *A Development Guide Directory for the Renewable Energy Industry* (《可再生能源產業發展指導目錄》), the *Interim Measures for Management of Special Funds for the Development of Renewable Energy* (《可再生能源發展專項資金管理暫行辦法》), *the Interim Measures for Management of Special Funds for the Industrialization of Wind Power Generation Equipment* (《風力發電設備產業化專項資金管理暫行辦法》), *the Notice Regarding Improvement to the Feed-in Tariff Policy of On-grid Wind Power Generation* (《關於完善風力發電上網電價政策的通知》) *and the Notice Regarding Improvement to the Feed-in Tariff Policy of On-grid Solar Power Generation* (《關於完善太陽能光伏發電上網電價政策的通知》). Some of these policies provide incentives to our customers in their developing wind or solar businesses, while others directly support the domestic production of renewable energy equipment, including our renewable energy equipment manufacturing and integrated solutions services business in China. If any of these policies, regulations or incentives relating to the wind power and solar power industries is changed or abolished, the downstream industry of our business may be adversely affected and therefore the demand for our renewable energy equipment and services may be reduced. Similarly, any reduction or termination of the favorable tax treatment or other incentives to domestic manufacturers of renewable energy equipment like us could reduce our revenues and/or increase our costs, which could have a material adverse effect on our business, financial conditions and results of operation. Notwithstanding the foregoing, we have not received any government subsidies on utilities consumed such as water or electricity during the Track Record Period.

Similarly, in other major markets, both current and target, for equipment and solutions for renewable energy such as the U.S. and Europe, the development of the renewable energy industry is typically dependent on government support and subsidy particularly for the solar power. In recent years, the global demand for solar cells has been increasing rapidly, primarily because of the preferential policies and subsidies of various developed countries, such as European countries and Japan. Without such policy support and subsidies, the cost of solar power generation and solar cells manufacturing would be much higher than that of traditional coal-fired power generation. Therefore, if the government subsidies to the solar power industry are terminated, the solar power industry will be adversely affected and the demand for our solar product and services will be reduced. Some of the major markets such as Spain have discontinued their fiscal support or feed-in tariff for solar power. We cannot assure you that the government support of the renewable energy industry anywhere else in the world will continue. The reduction or termination of government support and economic incentives may adversely affect the growth of the renewable power industry or result in increased price competition, which could cause our revenue to decline.

***We face risks associated with undertaking EMC, BOT and other similar projects.***

We have in the past undertaken, and expect to continue to undertake, a portion of our environmental protection and energy conservation solutions business on an EMC, BOT or other similar project-type basis. Under our EMC model, we typically recognize, during a relatively short period of time, design, manufacturing and installation revenues, a substantial portion of the present value of the energy management fees to be received by us over the term of the contract ranging from 5 to 8 years. At the time we recognize this revenue, we have usually not received any payment of the energy management fees from such customers. Thus, our trade and other receivables and finance lease receivables, representing the recognized but uncollected EMC revenues, have been and will remain substantial. Consequently, if a customer defaults or delays in fulfilling its payment obligation of the energy management fees, we may have to make a provision for the related loss, which may materially and adversely affect our financial condition and results of operations. If a customer breaches our contract, we may not be able to fully recoup our initial investment in the project. Any credit default or delay in fulfilling the payment obligations under our EMCs by our customers may materially and adversely affect our liquidity, financial condition and results of operations. Likewise, BOT projects expose us to the risk of an incorrect forecast at the bidding stage concerning the turnover to be derived from operations of the constructed facility and the risk of extended exposure to fluctuating economic conditions. Reduced profitability or losses from BOT projects that do not perform as forecast may have a material and adverse effect on our results of operations. Undertaking EMC, BOT and other similar projects also requires significant capital outlays over extended periods which would adversely impact our cash flow. Furthermore, for BOT projects involving municipal wastewater treatment services, we typically enter into contracts with local government, who may terminate the concession or adjust tariffs. In addition, our wastewater treatment and industrial water supply facilities are built to treat raw water or wastewater that fall within certain water quality specifications. If the level of water pollution is higher than the specifications of our treatment facilities, it may not be possible for the raw water or wastewater supply to be treated, or to be treated to attain the water quality standards provided under our agreements with our customers, within the cost structure contemplated by such agreements, or to meet governmental requirements. Moreover, EMC, BOT and other similar projects have been conducted in China only relatively recently, and we have limited experience in assessing and addressing risks particular to EMC, BOT and other similar projects. As a result, we may not be able to properly execute or handle EMC, BOT and other similar projects, which could materially and adversely affect our business, financial condition and results of operations. We also rely substantially on local governments for the development and operations of our BOT projects and these local governments may withdraw our concessions and terminate our agreements if we breach the terms of such agreements or fail to implement projects which fully satisfy their requirements or expectations.

***A significant portion of our revenue is derived from the Guodian Group and its various subsidiaries; we will continue to engage in connected transactions with our Connected Persons.***

We have historically engaged in a variety of transactions with the Guodian Group and its various subsidiaries and we will continue to enter into transactions with them in the future. For each of the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, sales to our largest customer, the Guodian Group and its subsidiaries, accounted for approximately 46.3%, 56.5%, 53.4% and 59.1% of our total revenue, respectively. This comprises sales made to various subsidiaries of the Guodian Group, including, in particular, Longyuan Power and GD Power, and their respective subsidiaries. Our dealings with our associates and Connected Persons have been conducted on an arm's length basis; a relatively high proportion of our revenues, however, are derived from our connected parties. See the section entitled "Connected Transactions" in this prospectus for further details. We anticipate that our revenues derived from our Connected Persons, the Guodian Group and its subsidiaries, in particular, will continue to represent a significant proportion of our total revenue in the future. We have applied for a waiver from the Hong Kong Stock Exchange for our continuing connected transactions with the Guodian Group and its subsidiaries after the Global Offering on normal commercial terms and in the ordinary course of business. See the section entitled "Connected Transactions" of this prospectus for further details.

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

As most of our customers are primarily large coal-fired power plants and other enterprises investing in renewable energy, our customer base is relatively concentrated. For each of the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, sales to our five largest customers in aggregate accounted for 56.9%, 67.3%, 71.8% and 73.4% of our total revenue, respectively. We anticipate that the revenue derived from these major customers will continue to represent a significant proportion of our total revenue in the future. If our customers, including our five largest customers, experience negative changes in their business, adjust their investment strategies or slow down the growth rate of their investment in coal-fired power plants or renewable energy, they may cease or reduce their purchases from us. If we fail to obtain a comparable level of purchase orders from new customers, our business, results of operations and financial condition may be adversely affected.

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

We have experienced significant growth in terms of production capacity, revenue and profits during the Track Record Period. We plan to secure further growth by maintaining our dominant or leading market positions in the PRC market, especially the $SO_2$ and NOx emissions control services, plasma-assisted coal combustion technologies and WTG sales markets, expanding the geographical coverage of our production bases, developing and introducing additional advanced technologies in the industries in which we operate, increasing the sales of our products, exploring new business opportunities and expanding our international operations. The success of our plans for growth depends on certain factors, including, but not limited to, our ability to expand, construct and operate our production bases; implement and manage our business expansion plans; secure financing necessary for business expansion; operate in an efficient manner; maintain and expand our existing customer base; manage relationships with suppliers; ensure timely and sufficient supply of raw materials, parts and components; hire, train and retain qualified personnel and deal with challenges that may arise in new and existing markets and business areas. Some of the above factors are beyond our control. If we fail to successfully implement our business expansion plans, maintain and further enhance our domestic and international market share, increase sales and promote newly developed products, and develop businesses with strategic significance, or, if we encounter difficulties in any of the foregoing, our profitability, growth, prospects, results of operations and financial condition may be materially and adversely affected.

***We face intense competition in most of the industries in which we operate.***

We face increasingly intense competition in the markets in which we operate. For example, the desulfurization EPC business, which is one of our major business lines under the environmental protection and energy conservation solutions, is subject to fierce competition, which has resulted in decreases in average project price. The level of market concentration has increased in recent years as large competitors have increased their aggregate market share, although the desulfurization EPC market remains competitive.

The PRC wind power industry has rapidly developed since the introduction of a series of wind power incentives in 2005. Whereas in 2004, the PRC wind turbine market was previously dominated by a few Chinese and international suppliers, there are now dozens of wind turbine manufacturers that have entered the PRC market. Although the supply of WTGs in the PRC had in the past fallen short of demand, the production capacity for WTGs has recently exceeded demand as a result of the rapid increase in the number of wind turbine suppliers and the expansion of related production facilities. As a result, the gross margin for our WTG sales decreased to 17.4% during the six months ended June 30, 2011, from 19.3% during the six months ended June 30, 2010.

The solar cell and solar module market is intensely competitive and rapidly evolving. According to Solarbuzz, the year 2010 witnessed an increase of 108.0% in global cell production. Our competitors include the photovoltaic, or PV, divisions of large conglomerates such as BP, Royal Dutch Shell and Sharp Corporation, specialized cell and module manufacturers such as Q-Cells, as well as integrated manufacturers of solar products such as SolarWorld AG. We anticipate further competition from future entrants to the PV market that offer new and innovative technological solutions. We may also face competition from other industries such as semiconductor manufacturers and conventional energy players who have recently announced their intention to start production of solar cells. In addition, the solar power industry itself also faces competition from conventional and non-solar renewable energy technologies.

Some of our competitors may have greater financial, sales and marketing, R&D, personnel, or other resources than us. Some new market entrants may acquire market share by leveraging existing business relationships and acquiring new technologies from third parties. Our competitors may also respond more quickly to changes in technology or customer requirements, or offer similar products at prices lower than ours. All of the foregoing factors have intensified market competition, and we may face pressure in product pricing and competition for orders in the industries we operate. Any adverse or unforeseen change in our competitive environment may have a material and adverse effect on our business, prospects, results of operations and financial condition.

***We may not be able to develop our new business models successfully*.**

We plan to further develop our new business models under the environmental protection and energy conservation solutions segment, in particular, concession operations in our desulfurization service business, EMC in our energy conservation solutions business and BOT operations in our water treatment business. Under the new concession operations business model, we act as the operator, and therefore are required to invest substantially more capital. The life cycle of a project under the new EMC business model is prolonged a few years in the case of EMC business, or up to twenty to thirty years in the case of concession operations or BOT operations. Under the concession or BOT business models, we own the assets which we operate and generate income from and bear all risks associated with them, and will only transfer the ownership and risks of such assets at the end of the project. As a result, these new business models impose higher requirements on us in terms of financial and management capacity. We believe these new business models will optimize our competitive strengths and capabilities in financing and management and thus help us to maintain our leading market position in an increasingly competitive market. Further, the new business models are expected to provide stable and predictable income over a long period of time and therefore to provide us with balanced cash flows.

However, the success of the new business models is dependent on factors such as our ability to obtain additional finance, control risks associated with these assets, operate the assets, and increase our profitability. As some of these factors are not within our control and some of the new business models such as the concession operations or EMC models are comparatively new in the industry or in the PRC market, we cannot assure you that we will be able to successfully develop these business models. If our efforts in developing these new business models do not produce satisfactory results, our business, profitability, financial condition and results of operations may be materially and adversely affected.

***We may experience delays in accounts receivable, progress payments or releases of performance bonds or retention funds by our customers.***

Our EPC contracts, ranging from 12 to 18 months in duration, typically provide for progress payments received from customers with reference to the value of work completed at specific milestone dates. Our customers generally pay us an advance equal to 10% to 30% of the total contract value, and once the project reaches a certain stage as specified in the relevant contract, we will receive payments for the remaining portion of the contract value on a progressive basis. As a result, we may be required to commit cash and other resources to projects prior to receiving additional payments from customers to cover certain project expenditures as they are incurred. In addition, upon the completion of a project, an amount equal to 5% to 10% of the contract price is usually retained by our customers and will generally be released after the guaranteed maintenance period. We generally obtain our EPC contracts through bidding, and in general, after winning a bid, we are usually required by the project owner to provide a performance guarantee in an amount equal to 5% to 10% of total contract value. Such performance guarantee will be returned to us typically within one month of the issuance of the completion certificate for the relevant project. Furthermore, our WTG sales contracts also provide for a payment schedule under which our customers typically pay an advance of 10% of the contract value upfront upon confirmation of their orders, with the remaining 40% being payable during the construction stage, an additional 40% being payable on delivery and the remaining 10% being retained by the customer until expiry of the warranty period. Due to the foregoing and other factors, we may have a large amount of receivables at any given date. As of December 31, 2008, 2009 and 2010, we had total trade and bills receivables of approximately RMB1,297.0 million, RMB2,489.8 million and RMB5,613.5 million representing 32.7%, 46.5% and 51.0% of our revenues for 2008, 2009 and 2010, respectively. Delays in accounts receivable, progress payments or release of such performance guarantee or retention funds from our customers may increase our working capital needs. If a customer defaults in making its payments on a project to which we have devoted significant resources, it could also affect our liquidity and decrease the capital resources that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to our contracts but settlement of disputes generally takes significant time and financial and other resources, and the outcome is often uncertain. In general, we make provisions for accounts receivable, progress payments or releases of performance guarantee and retention funds, based primarily on special circumstances relating to specific customers. The total retention balances for our customers that will fall due after 12 months as of June 30, 2011 was approximately RMB557.3 million. There can be no assurance that the accounts receivable, progress payments, performance guarantee and retention funds will be remitted by our customers to us on a timely basis or at all or that we will be able to efficiently manage the level of bad debts arising from such payment practice.

***We have net current liabilities and need to roll over our short-term borrowings on a periodic basis.***

Our cash and cash equivalents increased from RMB1,152.9 million as at December 31, 2008 to RMB3,732.6 million as at June 30, 2011. As at December 31, 2009, 2010 and June 30, 2011, however, we had net current liabilities of RMB1,778.5 million, RMB2,123.4 million, and RMB3,066.7 million, respectively. We had net current liabilities as at each of these balance sheet dates primarily due to our large amounts of trade and bill payables and borrowings. Our trade and bill payables as at December 31, 2008, 2009, 2010 and June 30, 2011 amounted to RMB1,741.2 million, RMB4,219.7 million, RMB9,402.1 million and RMB10,623.5 million, respectively. Our amounts of short-term borrowings as at December 31, 2008, 2009 and 2010, and June 30, 2011 amounted to RMB660.2 million, RMB2,368.5 million, RMB4,443.9 million and RMB7,659.5 million, respectively. We have historically repaid a significant portion of these loans by rolling over such loans on an annual basis. We cannot assure you that we will be able to continue to roll over our loans when they become due. We may not have sufficient funds available to pay our borrowings upon maturity. Failure to service our debt could result in the imposition of penalties, including among other things, increases in rates of interest that we pay on our debt and legal actions against us by our creditors, and may negatively impact our business operations, financial condition and results of operations.

Our liquidity depends on cash generated from operations, cash and cash equivalents, and our access to further financial resources to fulfill our short-term payment obligations, which will be affected by our future operating performance, prevailing economic conditions, and financial, business and other factors, many of which are beyond our control.

***We experienced negative net operating cash flows and an increase in our receivable turnover days during the Track Record Period.***

For the years 2008, 2009 and 2010 and the six months ended June 30, 2011, our net cash used in operating activities was negative RMB401.5 million, RMB227.5 million, RMB1,266.9 million and RMB30.6 million, respectively. This was mainly attributable to our commencement and expansion of our renewable energy business, in particular, the WTG business, which required us to purchase more inventories to build up our inventory of finished products. Due to the seasonality of the WTG business, whereby orders are typically placed in the first quarter of the year with delivery dates set in the last quarter of the year, and due to our payment arrangements with our WTG customers, we are generally required to purchase materials and components and finance our production of inventories from our internal cash flows on an upfront basis. In addition, approximately 10% of our contracted sales revenues are retained by WTG customers and customers in our environmental protection business until the expiry of the relevant warranty periods, which also impacts our operational cash flows. See "Business—Warranty Periods" for a description of the warranty periods applicable to each of our products and services. Our expansion of the WTG business has resulted in an increase in monies retained by our WTG customers, which has in turn resulted in an increase in our trade receivable turnover days, as these retained funds are classified as long term retention receivables and excluded from our trade and other receivables (except for the current portion, which is included), although we recognize 100% of the revenue from the sale upon the commissioning of a WTG unit. The increase in our trade receivable turnover days during 2010 and 2011 were also attributable to the adverse macroeconomic environment. Continued tightening of monetary policy by the PRC authorities resulted in our customers taking a relatively longer period to settle outstanding balances owed to us.

We also intend to expand our environmental protection and energy conservation solutions business to include projects which are comparatively more capital intensive, such as projects under the EMC and concession operations business models, which may result in further medium-term pressure on our operational cash flows. In order to fund our operational cash flow requirements, we have in the past relied on borrowings and capital contributions from our shareholders.

There can be no assurance that we will be able to improve our operating cash flow position or receivable turnover days, or that we will be able to continue to fund any shortfalls in our operational cash flows as required, at all, or on reasonable terms. If we are unable to do so, our business, financial condition and results of operations may be materially and adversely affected.

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

Most of our revenue is derived from sales in the PRC. We rely on domestic demand for electric power to achieve growth in our revenues. Domestic demand for electric power is materially affected by industrial development, growth of private consumption and overall economic growth in China. Unfavorable financial or economic conditions, such as those caused by the recent global financing economic, have imposed significant challenges to the Chinese economy. Any slowdown in the growth of, or the occurrence of a recession in, the Chinese economy may have a material and adverse effect on our growth, prospects, results of operations and financial condition.

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

Most of our parts and components are purchased domestically in PRC. Due to the relatively high technical threshold for the production of certain core parts and components, the number of qualified suppliers in the PRC is limited. To reduce our exposure to such limitation, we have in-house capabilities for the development, design and manufacture of certain core parts and components. We maintain close relationships with external suppliers that are able to manufacture and supply parts and components required by our WTGs in accordance with our technical parameters and quality standards. However, we cannot assure you that our suppliers can meet all of our specified quality standards and technical specifications for increasing quantities in a timely manner and at acceptable prices. If our existing suppliers materially reduce or cease supply of parts and/or components to us, and we are unable to source comparable parts and components from other suppliers, our business operations and financial performance may be materially and adversely affected.

***Failure to obtain sufficient quantities of raw materials, or to do so on commercially acceptable terms could decrease our revenues and limit our ability to fulfill expansion plans.***

For some of our products, raw materials costs constitute a significant portion of our costs of sales, and such raw material supplies and prices are subject to market fluctuations.

Our manufacture of appliances supplied to the customers of our environmental protection and energy conversation business requires sufficient quantities of raw materials from our commodity suppliers, such as steel, aluminum, and steel-and aluminum-based products which must be supplied at acceptable prices and delivered in a timely manner. We generally do not have long-term contracts or guarantees of supply and, accordingly, we cannot assure you that we will be able to obtain sufficient amounts of raw materials from our existing suppliers or from alternative sources at acceptable prices in a timely manner, or at all. We do not currently engage in hedging transactions to protect ourselves against such fluctuations. Price increases in steel, copper and steel- and copper-based products may adversely affect the financial performance of our subsidiaries or associate companies, as we may not be able to pass on such price increases to our customers. We cannot assure you that shortages of raw materials will not occur or that we will be able to pass on cost increases to our customers in the future. Our failure to obtain adequate raw materials, or to do so on commercially acceptable terms and in a timely manner, could interfere with our manufacturing operations, and hence adversely affect our business.

Similarly, silicon wafers are the most important raw materials for making solar products. To maintain competitive manufacturing operations, we depend on our suppliers' timely delivery of quality silicon wafers in sufficient quantities and at acceptable prices. Our silicon wafer suppliers, in turn, depend on polysilicon manufacturers to supply polysilicon required for the production of silicon wafers. The significant growth of the solar power industry has resulted in a significant increase in demand for silicon and silicon wafers. Over the years, many polysilicon manufacturers have significantly increased their capacity to meet customer demand and continue to expand capacities in order to achieve economies of scale. Therefore, while there is not presently a significant shortage of polysilicon, fluctuations in demand and supply of polysilicon may in the future result in late deliveries or supply shortages with respect to the specialized silicon that our silicon wafer suppliers require as raw materials. We have attempted to strengthen our control of the supply chain by establishing strategic relationships with certain suppliers. However, we cannot assure you that we will be able to obtain supplies from our silicon wafer suppliers or any other suppliers in sufficient quantities and at acceptable prices. If our suppliers increase their prices or decrease or discontinue their shipments to us as a result of equipment malfunctions, competing purchasers or otherwise, and we are unable to obtain substitute wafer supplies from another vendor on acceptable terms, or increase our own wafer-slicing operations on a timely basis, our ability to manufacture our solar products may be limited, which would cause our revenues to decline.

***Our businesses rely heavily on technologies and techniques that are subject to continuous change and we may not be able to develop new technology that meets changing market demands or to successfully introduce new technology in a timely manner.***

We operate in industries where technological and technical advancement is part of the core competencies and is a crucial competitive advantage. Our continuous success and competitiveness in the industries in which we conduct business depends on our ability to develop and improve our technologies and techniques. These technologies and techniques are subject to continuous evolution and changes. We currently own the proprietary technologies which are market leaders in the respective industries in the PRC or in the world, including $SO_2$ and NOx emission reduction technologies, plasma-assisted ignition combustion systems, the design of MW-level WTGs and the relevant core parts and components. However, technologies in these areas evolve rapidly. For example, the capacity of WTG units is increasing progressively with improved operational performance, and more domestic companies have started to manufacture catalysts used in SCR process for NOx removal. To maintain our market leadership, we will be required, on a rapid and consistent basis, to design and develop new and improved products that keep pace with technological developments in order to meet the increased demands of our customers.

A variety of competing technologies that other companies may develop could prove to be more cost-effective or have better performance than our technologies. Therefore, our development efforts may be rendered obsolete by the technological advances of others. Our failure to further refine our technology and develop and introduce new technologies could render our products uncompetitive or obsolete, and result in a decline in our market share.

We have devoted substantial resources to our R&D activities in relation to our various businesses and formulated business plans to develop new product lines utilizing leading technologies in response to the market trends. However, we cannot assure you that our R&D activities will yield the anticipated results. If we encounter delays in technology development, fail to meet changing market demands or successfully introduce newly developed products to the market, and our competitors respond more rapidly than we do, our business, financial condition and results of operations may be materially and adversely affected.

***If we are unable to accurately estimate the overall risks, revenues or costs of our contracts, or if we fail to agree to the pricing of work done pursuant to change orders, we may gain lower than anticipated profits or incur losses on our contracts.***

Substantially all of our contracts in the environmental protection and energy conservation solutions segment are either fixed-price or fixed unit price in nature. Terms of these contracts require us to complete a project for a fixed-price or a fixed unit price and therefore expose us to cost overruns. Cost overruns, whether due to inefficiency, inaccurate estimates or other factors, result in a lower profit or the incurrence of a loss on a project. As a result, we will only realize profits on these contracts if we could accurately estimate our project costs and avoid cost overruns. Unforeseen factors, such as changes in job conditions, variations in labor and equipment productivity over the term of a contract and unexpected increases in costs of materials may cause the revenue, cost and gross profit realized from a fixed-price or fixed unit price contract to be lower than our originally estimated amounts, despite any buffer we may have built into our bids for increases in labor and materials costs.

If our estimates of the overall risks, revenues or costs prove inaccurate, circumstances change or unforeseen circumstances occur, or if the escalation formula in our contracts does not cover the increase in costs in full, we may experience lower profits or even losses on our contracts, which could materially and adversely affect our business, prospects, profitability financial condition and results of operations.

***Some of our businesses have a limited operating history and our historical growth rate during the Track Record Period may not be indicative of our growth rate in the future.***

We started our renewable energy equipment manufacturing and integrated system solutions services business at the end of 2007. In 2008, we commenced commercial operation of our first WTG production base and our large-scale WTG manufacturing and integrated system solutions service operations. Accordingly, we have a limited operation history for you to evaluate the performance of this part of our business.

During the Track Record Period, the cumulative installed capacity of our manufactured WTGs increased from 6 MW as of December 31, 2008 to 1,599.0 MW as of December 31, 2010. Our revenue from the sales of WTGs rose from RMB33.5 million in 2008 to RMB5,807.6 million in 2010. However, due to our limited operating history, our historical growth rate may not be indicative of our future performance. We cannot assure you that we will grow at the same rate as we did during the Track Record Period.

***The growth of our business depends on our ability to identify profitable projects, further develop our current business operations and expand into new businesses or markets. If we fail to do so, our business and prospects may be adversely affected.***

Our business expansion and future success depends, in part, upon our ability to identify profitable projects such as desulfurization concession operations, further develop our current business operations and expand into new businesses or markets.

The profitability of a $SO_2$ emissions reduction concession project depends on various factors. These factors include, among others, the power plant being located in a province where the local government grants a high on-grid desulfurization subsidy, the costs of capital incurred by us in constructing and installing the desulfurization equipment and the by-product income of the particular projects. We need to compete with other desulfurization service providers by identifying such projects in a timely manner and to negotiate successfully with the power plant operator for it to outsource the desulfurization operations to us. In addition, the further growth of the NOx emissions reduction business primarily depends on several factors relating to the development and trend of PRC government policies with respect to this industry, such as whether and when the pilot plan relating to concession business model for NOx emissions removal services will be issued. As many of the above factors are beyond our control, we can not assure you that we will be able to further develop our desulfurization and denitrification businesses as planned.

Expansion of our operations, such as the growth of our WTG manufacturing business depends on the expansion of our production capability. Towards this end, we need to determine prudent expansion plans taking in consideration market development, and identify suitable new production sites which are in proximity to our customers and target customers. As the construction and development of WTG production bases involves numerous risks and uncertainties, including but not limited to our ability to obtain necessary governmental approvals and financing for such projects, we may not be able to commence operation of the new production bases within the expected timelines and therefore the prospects for our WTG business may be adversely affected.

***Our revenues may fluctuate over the course of any calendar year due to the seasonality of our business.***

During the Track Record Period, our WTG business customers were located primarily in the northern part of China, where, due to weather conditions, the construction of wind farm projects tend to commence at the beginning of the year, with installation occurring at the end of the year. Consequently, the quantity of our WTGs delivered, and our resultant sales revenue, in the third and the fourth quarters are generally greater than in the first and second quarters.

Because our revenues fluctuate seasonally, our interim financial results may not accurately reflect or be relied on to project our financial results or performance for the entire year. For example, our revenues under the wind power products and services were approximately RMB1,867.4 million for the six months ended June 30, 2010 as compared to our revenues under the wind power products and services of approximately RMB5,807.6 million during the year ended December 31, 2010 and our revenues under the wind power products and services of approximately RMB3,463.4 million during the six months ended June 30, 2011. Comparisons of sales and operating results between different periods in a single financial year for our business segments, or between the same periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of our performance. The seasonal nature of our business requires us to control our operating capital carefully so as to consistently provide our business with adequate cash for operations. Failure to manage seasonality in our business may cause our revenue, profitability, financial condition and results of operations to be materially and adversely affected.

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

The performance, quality and safety of our products are critical to our customers, our reputation and, ultimately, our success. Accordingly, we have established and maintained stringent quality assurance standards and inspection procedures, including quality control for parts and components purchased from external suppliers. The effectiveness of our quality control system is determined by various factors, including system design, implementation of quality standards, quality of training programs, the monitoring our employees' adherence to our quality control policies and guidelines, and is especially dependent upon our ability to supervise and manage our supplier quality system. Failure to maintain an effective quality control system may result in the production of defective products that will expose us to product liability and warranty claims and undermine our reputation and relationships with existing customers, thereby materially and adversely affecting our business.

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

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

Fluctuations in the purchase prices of parts and components are a key factor affecting our costs. The parts and components used for manufacturing WTGs require substantial amounts of steel, aluminum, various other metals and composite materials. The prices and availability of these materials may be affected by factors beyond our control, including global demand for and supply of such materials, inflation and local economic cycles, price control measures imposed by the governments or private companies, international geopolitical issues and instability of governments in the exporting countries. We experienced fluctuations in the prices of raw materials during the Track Record Period, and any further increases in their prices may cause our costs to further increase. For instance, a significant fluctuation in the prices of raw materials in 2008 affected the prices of the parts and components required for our products. It is difficult to predict price trends of raw materials and price fluctuations in raw materials, which may occur during the term of a contract and which may have a material and adverse effect on our profitability, financial condition and results of operations.

For example, in our WTG business, although we mainly purchase parts and components, rather than commodities, from our suppliers, we are indirectly affected by the price fluctuations in such raw materials. If the price of blades were to increase by 1%, our profits for our wind power products and services business for the year of 2010 and the six months ended June 30, 2011 would have decreased by 2.58% and 3.24% respectively. If the price of gearboxes were to increase by 1%, our profits for our wind power products and services business for the year of 2010 and the six months ended June 30, 2011 would have decreased by 2.94% and 3.47% respectively. We do not hedge our exposure to movements in the prices of steel, copper, rare earth materials and other raw materials. We are thus exposed to the risk of increases in the prices of these raw materials and components, and, to the extent we cannot pass on the price increases in these raw materials and components to our customers fully or in part, our business and financial condition could be affected. We cannot assure you that we will realize expected profits from our fixed-price contracts. In the event this occurs, our results of operations and financial condition may be materially and adversely affected.

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

We are subject to various PRC taxes, including the current statutory PRC enterprise income tax of 25% as determined in accordance with the relevant PRC tax rules and regulations. Please see the appendix entitled "Appendix VI—Taxation and Foreign Exchange" to this prospectus for further details. In addition, PRC national and local tax laws provide certain preferential tax treatment applicable to different enterprises, industries and locations. A substantial number of our subsidiaries are currently taxed at preferential rates of 15%, due to the nature of their respective business activities and the location of their projects. Please see the section entitled "Financial Information—Results of Operations for the Track Record Period—Income Tax" in this prospectus for further details. Termination or revision of any such preferential tax treatments may materially and adversely affect our profitability, results of operations and financial condition.

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

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

***Availability of financing on reasonable commercial terms may affect our business expansion or financial performance.***

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

We have obtained bank loans to support our business expansion. As at December 31, 2008, 2009 and 2010 and June 30, 2011, our gearing ratio (which is calculated by dividing (i) interest-bearing other payables and interest-bearing bank loans minus cash and cash equivalents (the "**Net Debt**") by (ii) total equity plus Net Debt) was a negative of 11.2%, a positive of 50.7%, 45.7% and 43.8%, respectively. The gearing ratio increased from a negative of 11.2% as at December 31, 2008 to a positive of 50.7% as at December 31, 2009, primarily due to increases in interest-bearing bank loans obtained primarily to support our WTG business expansion. As at December 31, 2008, 2009 and 2010 and June 30, 2011, we had approximately short-term bank loans and other borrowings of approximately RMB660.2 million, RMB2,368.5 million, RMB4,443.9 million and RMB7,659.5 million, respectively, and long-term bank loans and other borrowings of approximately RMB263.5 million, RMB1,128.4 million, RMB2,508.7 million and RMB2,515.9 million, respectively. During the Track Record Period, our total finance costs were approximately RMB41.1 million, RMB107.8 million, RMB199.2 million and RMB207.9 million, in each of 2008, 2009 and 2010, and the six months ended June 30, 2011, respectively. We believe that interest rates on these borrowings may increase as the Chinese economy continues to grow and develop. Our interest expenditures may increase significantly in the future, which may have a material and adverse effect on our profitability, financial performance and results of operations. In addition, the PRC Government has recently adopted a number of measures in monetary policy, including increasing the reserve ratio of commercial banks, which may have the effect of restricting money supply and the availability of credit. If these measures result in PRC banks reducing their volume of commercial loans, our access to financing to fund our business expansion may be adversely affected.

***Acquisition of new businesses involves risks.***

We may acquire businesses in various locations, including through share acquisitions or acquiring rights and obligations to the relevant business assets and liabilities. Acquisition of companies or assets for a new business may involve risks. For example, the acquisition targets may not be as profitable as anticipated. We may also incur unanticipated costs and expenses or be exposed to unanticipated liabilities in connection with the acquisitions. The integration of acquired companies or assets into our business may require substantial resources and management attention, and may ultimately be unsuccessful. In addition, if the acquired companies or assets are in new markets, we may be exposed to numerous risks associated with entering into new markets where we have limited experience. We cannot assure you that we will be able to achieve the financial returns as we expect at the time such acquisitions are made. Any failure in the potential acquisitions may have a material adverse effect on our business, financial condition and results of operations.

We may also require additional funding for the acquisition and our inability to borrow additional amounts or refinance the existing debt associated with the targets could adversely affect the results of operations and financial condition of the entire Group and prevent us from fulfilling our financial obligations and business objectives.

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

Upon completion of the Global Offering, the Guodian Group will directly and through GD Power own an aggregate of approximately 68.61% of our Shares assuming no exercise of the Over-allotment Option (or approximately 65.66% if the Over-allotment Option is exercised in full). Subject to the Articles of Association and applicable laws and regulations, as our Controlling Shareholder, the Guodian Group will, through its representatives on our Board, be able to influence our major policy decisions, including our management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment of our articles of incorporation and other actions that require the approval of our directors and shareholders. Accordingly, subject to applicable laws and regulations, the Guodian Group is in a position to direct us to take actions which may not be in the best interest of our minority shareholders. See the section entitled "Relationship with the Guodian Group." It is possible that differences in opinion may arise between the Guodian Group and any of the minority shareholders from time to time. We cannot guarantee that the Guodian Group will influence the Company to pursue actions that are in the best interests of the minority shareholders.

***We are dependent on our key management team and technical specialists. Failure to retain or hire qualified personnel at reasonable costs could materially and adversely affect our results of operations.***

The success of our business depends on our ability to retain our key management (including our executive directors Mr. Ye Weifang, Mr. Li Hongyuan, and Ms. Wang Hongyan, and our senior management Mr. Wang Gonglin, Mr. Zhang Binquan, Mr. Zhang Xiaodong, Mr. Yang Dong and Mr. Tang Dejun) and personnel in the R&D, production, quality control, after-sales service and operations functions. These departments require the continued service of our skilled personnel and our ability to recruit additional skilled personnel in the future. Due to the rapidly growing demand for qualified personnel in China, competition for such personnel is intense. If we fail to retain or hire qualified personnel, we may experience difficulties in developing new products, applying new technologies, expanding production capacities, maintaining product quality, providing our customers with quality after-sales services or managing our operations and continuous expansion, which may in turn have a material and adverse effect on our business and reputation.

In addition, due to our relatively complex production process, it generally takes three to five months to train new workers, and certain skilled workers are not easily or quickly replaced. Hence, if a significant portion of our technically skilled workers terminate their employment relationships with us in a short period of time, we may encounter interruption of our production or services, which may substantially impact our operations.

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

While most of our sales revenue is generated from the PRC, we are actively developing our overseas businesses. This involves setting up sales offices, marketing activities, sales of products or provision of services to overseas customers and other activities. There is no assurance that our overseas growth strategies will be implemented successfully. Our global business expansion may be hindered by risks such as: low demand for our products, lack of a track record in these markets, lack of availability of overseas financing on suitable terms to fund our international expansion, possible difficulties in the management of overseas personnel and business operations including a potential increase in labor costs due to our overseas expansion, lack of understanding of the local business environment, financial and management system or legal system, volatility in currency exchange rates, potentially more stringent product liability requirements, the risk that foreign countries may impose withholding taxes (or otherwise tax our foreign income or place restrictions on repatriation of profit); cultural differences, changes in political, regulatory or economic environments in the foreign countries or regions, inherent difficulties and delays in contract enforcement and collection of receivables through the use of foreign legal systems; the risk that foreign countries may impose withholding taxes (or otherwise tax our foreign income or place restrictions on repatriation of profit); as well as the risk of barriers, such as anti-dumping and other tariffs or other restrictions being imposed on foreign trade. If we fail to manage the above risks effectively, our global expansion may be hindered, which may in turn result in a material and adverse effect on our business prospects, results of operations and financial condition.

***If expansion of China's coal-fired power installed capacity slows down, our business growth may be affected.***

Demand for a number of our environmental protection and energy conservation solutions depends significantly on growth rate of the coal-fired power installed capacity in the PRC. For example, a significant portion of our desulfurization EPC business serves new coal-fired power plants, as most existing coal-fired power plants have already installed desulfurization equipment. Similarly, we also provide denitrification EPC services to newly-built coal-fired power plants, who engage us in order to satisfy their compliance requirements as imposed by the PRC Government. We also provide other environmental protection and energy conservation services to newly-built power plants. Growth in installed capacity of coal-fired power plants in the PRC is affected by the PRC Government's policy on energy structure and current and expected profitability of such plant operations. China's coal-fired power generation volume and installed capacity have grown consistently, along with the rapid development of the PRC economy. According to the estimates of the China Electricity Council, the total installed power capacity of coal-fired power plants in China increased from 554 GW in 2007 to 710 GW in 2010 at a CAGR of 8.6%. Although the PRC Government has started restructuring the power generation industry, coal power is still the most important component of the PRC energy supply. However, as pollution has become an increasingly serious environmental issue in China, the PRC Government has shown considerable concern for the adjustment of the national energy structure and energy development and has issued policies aiming to raise the share of non-fossil fuel-based energy in total primary energy consumption. Therefore, there can be no assurance that China's coal-fired power generation volume and installed capacity will continue to grow at the current pace. If expansion of China's coal-fired power installed capacity slows down, it may result in lower demand for our products, materially and adversely affecting our results of operations and financial condition.

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

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

Moreover, the amount of wind power generated depends significantly on local weather conditions. As the status of wind resources may change, the effective utilization of wind power may be affected. This may result in a shift in demand toward other forms of renewable energy, such as solar, geothermal and tidal, in which case the wind power industry may be affected, and there may be a material and adverse effect on our wind power equipment manufacturing and services business.

***Our business operations are subject to various environmental, health and safety laws and regulations.***

Our business operations are subject to various environmental, health and safety laws and regulations. These laws and regulations require us to undergo environmental impact assessments and review processes and implement environmental, health and safety programs and procedures to control risks associated with the design, construction and operation of environmental protection equipment and solar power equipment production facilities. For example, we are required to prepare and submit an environmental impact assessment report to the relevant environmental protection authorities for approval before we can start the construction of solar power equipment production facilities. When the construction is completed, these facilities also need to pass certain inspection processes to ensure the satisfaction of environmental protection requirements prior to commercial operation.

If we do not comply with applicable laws and regulations, we may be subject to penalties or fines or may even be required to cease the affected project operations. In addition, the existing Environmental Protection Law and related regulations require us to establish an environmental protection and management system, which includes adopting effective measures to prevent and control exhaust gas, sewage, waste residues, dust or other waste materials, to discharge waste properly and the payment of certain discharge fees. The PRC Government may adopt more stringent environmental, health and safety laws and regulations in the future. Any such change could result in a substantial increase in the costs of compliance, which in turn could materially and adversely affect our business, prospects, profitability, financial condition and results of operations.

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

Our applications for title certificates with respect to some of our properties and land are currently being processed. Please see the section entitled "Business—Properties" in this prospectus for further details. There can be no assurance that we will be able to obtain valid title certificates for all of these properties and land. Our rights as owner or occupant of these properties and buildings may also be adversely affected due to the absence of such valid title certificates. Moreover, we cannot assure you that there will not be challenges in respect of our rights in relation to the relevant properties and land that we use or occupy which may result in interference with our business operations and materially and adversely impact on our business, results of operations and financial condition.

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

Although we have purchased insurance coverage, due to the complex technical specifications of our products, we may be subject to substantial product liability claims due to quality defects or shutdown resulting from malfunctions of our products, including our WTGs, solar products and environmental protection and energy saving equipment or appliance. Moreover, we provide customers with contractual warranties for the operating performance of our WTGs. The warranty period of our WTGs is typically 24 months. Although in selected cases, we grant longer warranty periods up to five years, from the day on which the preliminary inspection certificate is issued. As we further develop overseas markets for our WTGs, we may be required by our customers to provide longer warranty periods, due to the requirements imposed by the funding banks or financiers of overseas wind power projects. If we were unable to provide longer warranty periods as required, our customers' ability to obtain financing would be adversely affected. This in turn could adversely affect our WTG business. During the Track Record Period, we have not had any incident where we could not provide to our customers with warranty periods as requested by them. Since 2009, we have established and maintained warranty provisions for total maintenance and repair expense and costs of our WTGs during the warranty period. The policy is that United Power and all its subsidiaries should contribute 3% of the sales proceeds (before tax) of the WTGs to the warranty provisions. As at June 30, 2011, our total amount of warranty provision outstanding was approximately RMB319.9 million. Our current modules product warranty periods for our solar products includes two-year (for domestic sales in the PRC) or five-year (for overseas sales) warranty of our solar cells and modules. We believe our warranty periods are consistent with industry practice. Due to the long warranty period, we bear the risk of extensive warranty claims after we have shipped product and recognized revenue. Any increase in the defect rate of our products would require us to increase the amount of warranty provisions and have a corresponding negative impact on our financial statement. As a result, we may be subject to unexpected warranty claims, which in turn would harm our financial results.

Our Directors are of the view that we have made adequate provisions for product warranties. As at the Latest Practicable Date, we have not been sued for any mechanical failure, accident, breach of warranty or product fault. Although we have purchased product insurance coverage for the relevant warranty periods, there may be difficulty in receiving compensation from the insurance companies, or claims may be subject to lengthy processing time, or we may not receive sufficient compensation to cover our liabilities or damages in full. If we fail to receive compensation (in full or at all) from the insurance companies for our losses, our business, profitability, results of operations and financial condition may be materially and adversely affected.

***We may not be able to protect our patents and other intellectual property rights, which could have a material and adverse impact on our business.***

In the PRC, as of September 30, 2011, we own 30 registered trademarks, 222 patents and 59 copyrights. We continue to apply for new patent rights in the PRC for the products and technologies we develop, and are currently applying for 138 patents. Further, we own other intellectual property such as non-registered trade secrets, and proprietary technologies, procedures and processes. We believe our patents and other intellectual property rights are important to our success. Existing laws in China offer limited protection for our intellectual property rights. We rely upon a combination of patents, copyrights and trademarks, trade secrets, confidentiality policies, non-disclosure and other contractual arrangements to protect our intellectual property rights. We cannot assure you that we will be able to detect any unauthorized use of, or take appropriate, adequate and timely actions to enforce, our intellectual property rights. Consequently, we may not be able to effectively prevent unauthorized use of our trademarks or patents in other countries where such trademarks and patents are not registered. Historically, China has not protected intellectual property rights to the same extent as has the United States or Hong Kong. The measures we take to protect our intellectual property rights may not be adequate and monitoring and preventing unauthorized use is difficult. The protection of our intellectual properties may be compromised as a result of (i) expiration of the protection period of our registered intellectual property rights, (ii) infringement by others of our intellectual property rights, including counterfeiting of our products, or (iii) refusal by relevant regulatory authorities to approve our pending patent applications. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our trademarks and other intellectual property rights, this may have a negative impact on our reputation and our business may be materially and adversely affected.

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

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

***Our Special Distribution is not an indication of our future dividend policy.***

Pursuant to the Interim Provisions on the Management and Financial Treatment of State-Owned Capital in Enterprise Corporate Restructuring (企業公司制改建有關國有資本管理與財務處理的暫行規定) issued by the Ministry of Finance, we are required to make a Special Distribution to the Guodian Group and GD Power which we currently expect to amount to not more than RMB300.0 million, which represents our Group's unaudited net profit from November 1, 2010, the date on which our state-owned assets were valued, to June 30, 2011. See the section headed "Financial Information—Special Distribution" for details.

The actual amount will be determined by the outcome of a special audit. We will only pay the Special Distribution to the Guodian Group and GD Power after completing the special audit. See the section headed "Financial Information—Special Distribution" for details.

The Special Distribution was not determined in accordance with our dividend policy as described in the section headed "Financial Information—Dividend Policy." Investors of H Shares in the Global Offering will not be entitled to participate in the Special Distribution. The amount of the Special Distribution is not indicative of the dividends that our Company may declare or pay in the future.

***Any decline in the ability of our operating subsidiaries to pay dividends to us would adversely affect our cash flows.***

We conduct substantially all our operations through our operating subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to, our operating subsidiaries. If the earnings from our operating subsidiaries were to decline, our earnings and cash flows would be adversely affected. The ability of our operating subsidiaries to pay dividends depends on business considerations and regulatory restrictions, including cash flows and articles of association of these companies, shareholders' agreements and applicable provisions of the PRC Company Law. In particular, under PRC law, our operating subsidiaries incorporated in the PRC may not pay dividends until 10% of their profit for the period has been set aside as a statutory reserve fund (which requirement applies each year until such reserve fund is equal to 50% of their relevant registered capital). In addition, distributions by our subsidiaries to us other than dividends may be subject to governmental approval, approval by other shareholders and taxation. These restrictions could reduce the amount of distributions that we receive from our operating subsidiaries, which would restrict our ability to fund our operations, generate income and pay dividends. We cannot assure you that our operating subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable us to meet our obligations or declare dividends.

***As we do not wholly own some of our subsidiaries, we may not have the ability to cause them to take actions that we believe would be most beneficial to us.***

We have, and expect to have in the future, ownership interests and management participation in non-wholly-owned subsidiaries and joint venture entities, in connection with our business operations. Some of these subsidiaries and joint ventures account for a significant portion of our turnover and profits. Our ownership interests in these subsidiaries and joint ventures do not always provide us with the ability to control all their actions. In particular, one of our subsidiaries, Longyuan Technology, is a public company with shares listed on the SME Board of the Shenzhen Stock Exchange, and is therefore subject to laws and listing rules applicable to public companies listed on the SME Board of the Shenzhen Stock Exchange, including rules designed to protect the interests of public and minority shareholders. As a result, our ability to control the decisions of these non-wholly-owned subsidiaries and joint ventures depends on a number of factors, including reaching agreement with our partners, our rights under the relevant shareholder agreements and the decision making process applicable to those subsidiaries and joint ventures. We may not always have the ability to cause them to take actions that we believe would be most beneficial to us.

***We previously made advances and loans that were not strictly in compliance with PRC laws.***

During the Track Record Period, we made loans and advances to our associates, and to third parties. Between 2009 and 2010, we made two interest bearing advances to our associates of RMB100.0 million and RMB50.0 million, respectively. These advances were made on an unsecured basis, and interest was payable thereon at rates of 4.05% per annum and 4.78% per annum respectively, until maturity in July 2011 and December 2012. These advances have since been fully repaid. Our PRC legal counsel is of the opinion that, although these loans were not strictly in compliance with the General Principle of Loans in the PRC, such practice does not violate, and is protected by, the General Principals of Civil Law of the PRC and the PRC Contract Law. According to the current practice in China, the likelihood that such practice becomes subject to penalty is very small. We also made a loan to a third party in the amount of RMB21,220,000 on August 31, 2005, which was unsecured, interest-free and repayable by equal annual installment of RMB1,060,000 from 2015 to 2034. Our PRC legal counsel is of the opinion that, although this loan is not strictly in compliance with the General Principle of Loans in the PRC, such practice does not violate, and is protected by, the General Principals of Civil Law of the PRC and the PRC Contract Law. According to the current practice in China, the likelihood that such practice becomes subject to penalty is very small. According to the General Principles of Loans in the PRC, the People's Bank of China has the authority to impose a penalty to the lender ranging from the amount equal to "the lender's income gained from its non-compliant lending activities" to five times of the aforesaid amount. Our PRC counsel has confirmed that no interpretation of "the lender's income gained from such non-compliant activities" has been issued by relevant PRC authority. According to relevant judicial interpretations and the current practice of the PRC courts, if relevant parties to the non-compliant advances or loans submit their dispute arising from such loan or advance to the PRC courts, the court will usually protect the lender's right to repayment of the principal amount of the loan or advance and accrued interest, the rate of which is within the benchmark lending interest rate set by the relevant PRC authority, and may only confiscate the part of the interest income of the lender which exceeds the benchmark lending interest rate. However, if we were subject to penalty as a result of such loans or advances, our business results of operations and financial condition could be adversely affected.

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

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

## RISKS RELATING TO THE PRC

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

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

The Chinese economy differs from that of most developed countries in many respects, including in the degree of government involvement and control of capital investment. The PRC Government is committed to the continued reform of the PRC economic system as well as the structure of the government. The PRC Government's reform policies have emphasized the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been achieved in economic development, and enterprises have enjoyed an improved environment for their development. Although the government has implemented economic reform measures to introduce market forces and establish sound corporate governance in business enterprises, such economic reform measures may be adjusted, modified or applied inconsistently from industry to industry, or across different regions of the country. Any changes in the PRC's political, economic and social conditions may have a material and adverse effect on our present and future business operations, results of operations and financial condition.

***Because the PRC's legal system is still evolving, there exist uncertainties as to the interpretation and enforcement of PRC laws.***

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

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

***Government control over foreign currency exchange and requirements for governmental approval may affect our results of operations and financial condition.***

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

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

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

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

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

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

The Articles of Association and the Listing Rules provide that disputes or claims for rights between holders of the H Shares and us, our Directors, Supervisors, senior management or holders of the Domestic Shares, arising out of the rights and obligations provided in the Articles of Association, the PRC Company Law and the related laws and regulations and in relation to affairs of our Company, are to be resolved through arbitration in Hong Kong or the PRC, rather than by a court of law, except for disputes associated with the definition of "shareholders" or "register of shareholders." Under the current arrangements for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, awards made by PRC arbitral authorities, which are recognized under the Arbitration Ordinance of Hong Kong, can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC. We cannot assure you that any action brought in the PRC by any holder of H Shares to enforce a Hong Kong arbitral award made in favor of holders of H Shares would succeed.

***Payment of dividends is subject to restrictions under PRC law.***

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

## RISKS RELATING TO THE GLOBAL OFFERING

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

The sale of substantial amounts of the H Shares or other securities related to the H Shares in the public market, or the issuance of new H Shares or other securities, or the market anticipation that such sales or issuances may occur, may cause fluctuations in the market price of the H Shares. Future sales, or perceived sales, of substantial amounts of our H Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to us. Further, if we issue additional securities in future offerings, the shareholdings of the Shareholders may be diluted. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the H Shares.

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

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

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

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

We cannot assure you that Shareholders will be able to sell their H Shares or achieve their desired price for, or any profit on, such H Shares. Shareholders may not be able to sell their H Shares at prices equal to or greater than the price paid for their H Shares in the Global

Offering. Factors that may affect the volume and price at which the H Shares will be traded include, among other things, variations in our revenues, earnings, cash flows and costs, announcements of new investments and changes in PRC laws and regulations. We cannot assure you that these factors will not have a negative impact on the market price for the H Shares. In addition, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that the H Shares may be subject to changes in price not directly related to our performance.

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

Because the Offer Price of our H Shares is higher than the net tangible assets per share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK$0.23 per Share (assuming an Offer Price of HK$2.29 per H Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment options for the Global Offering is not exercised). If we issue additional Shares in the future, purchasers of our H Shares may experience further dilution in their ownership percentage.

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

Certain statistical data and other information relating to the PRC and the industries in which we operate contained in, for instance, the section entitled "Industry Overview" in this prospectus, has been derived from various publicly available official publications. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sponsors, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy. We make no representation as to the accuracy of the information contained in such sources, which may not be consistent with other information compiled within or outside the PRC. Accordingly, the industry information and statistics contained herein may not be accurate and should not be unduly relied upon for your investment in us.

***Forward-looking information in this prospectus may prove inaccurate.***

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

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

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