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## OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### HISTORY AND DEVELOPMENT

We are the largest environmental protection and energy conservation solutions provider for coal-fired power plants operating in the PRC (in terms of cumulative installed capacity with respect to our environmental protection business and contract value with respect to our energy conservation business as of December 31, 2010). In addition, we are a renewable energy equipment manufacturer and service provider, with a leading position in the PRC's WTG manufacturing industry, based on newly installed capacity for the year 2010 or cumulative installed capacity as at December 31, 2010.

On May 16, 2011, we were converted from Guodian Technology & Environment Group Limited Liability Company (“**GDKH**”), a limited liability company, into a joint stock company under our current name. The Guodian Group and GD Power are our shareholders. Following the reorganization, we retained all the assets and liabilities of GDKH, which comprise our current lines of business. GDKH ceased to exist upon completion of the conversion.

GDKH's predecessor was established on May 24, 1993 and operated under the name “Longyuan Power Environmental Protection Technology Development Company” (龍源電力環保技術開發公司) (“**Longyuan Development**”) until it was renamed “Beijing Guodian Longyuan Environmental Engineering Limited Liability Company” (北京國電龍源環保工程有限公司) (“**GDLEE**”). Longyuan Development was a wholly state-owned enterprise and a wholly-owned subsidiary of Longyuan Power Technology Development Co., Ltd. (龍源電力技術開發公司) (later renamed “Longyuan Power Group Co., Ltd.” (龍源電力集團公司) (“**Longyuan Group**”)).

In 2001, the Longyuan Group subscribed for 20.16 million new shares in GD Power, in consideration for which the Longyuan Group transferred to GD Power all of the assets held by it in Longyuan Development. The net asset value of Longyuan Development was approximately RMB28.7 million, based on an asset valuation report prepared by Zhong Zi Asset Evaluation Firm (中咨資產評估事務所). Subsequently, GD Power made a capital contribution using such assets, while Beijing Electric Power Construction Company (北京電力建設公司), Beijing Guodian Northern China Electric Engineering Co., Ltd. (北京國電華北電力工程公司) and Langfang Development Zone Gerui Environmental Science and Technology Co., Ltd. (廊坊開發區格瑞環保科技有限公司) each made of their capital contributions in cash in the amounts of RMB2.2 million, RMB2.2 million and RMB3.0 million, respectively, to set up GDLEE. GD Power held 79.603%, Langfang Development Zone Gerui Environmental Science and Technology Co., Ltd (which changed its name to “Lucency” in July 2001) held 8.333%, Beijing Electric Power Construction Company held 6.032% and Beijing Guodian Northern China Electric Engineering Co., Ltd. held 6.032% of the equity interest of GDLEE.

In December 2004, Beijing Electric Power Construction Company and Lucency transferred all of the equity interests they held in GDLEE to the Guodian Group in consideration for RMB3.9 million and RMB5.4 million, respectively, based upon the net asset value of GDLEE as at June 30, 2004. Concurrently, Beijing Guodian Northern China Electric Engineering Co., Ltd. transferred all of the equity interest it held in GDLEE to the Longyuan Group. Thereafter, the Guodian Group, the Longyuan Group and GD Power were the only equity holders in GDLEE and each increased its capital contributions in GDLEE in cash, but not on a pro rata basis, so as to meet the Guodian Group's strategic plan to strengthen its control position in GDLEE. Upon completion of the capital increase, GD Power, the Guodian

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Group and the Longyuan Group respectively held 49.0%, 45.0% and 6.0% of the equity interest in GDLEE, which then changed its name to GDKH.

In May 2008, Longyuan Group, a wholly-owned subsidiary of the Guodian Group, transferred its entire 6.0% equity interest in GDKH to the Guodian Group without compensation, in compliance with the *Interim Measures for the Administration of Gratuitous Transfers of State-owned Property Rights held by Enterprises* (《企業國有產權無償劃轉管理暫行辦法》). Upon completion of the transfer, the Guodian Group and GD Power held a 51.0% and 49.0% equity interest, respectively, in GDKH. Since then and save as disclosed in the section headed “Further information about change in the share capital of our Company” in Appendix IX to this prospectus, there was no change in our capital structure prior to this Global Offering.

### REORGANIZATION

In preparation for the Global Offering, we were converted from GDKH, a limited liability company, into a joint stock company, while retaining all of the businesses held by GDKH prior thereto. To streamline our business operations in preparation for the Listing, we disposed of our equity interests in several companies in connection with our reorganization. Details of the material disposals are set out in the section entitled “Business—Terminated Business” in this prospectus.

The Guodian Group and GD Power were our promoters in the reorganization. Upon completion of the conversion, we became a joint stock company with a registered capital of RMB4,850 million. The Guodian Group and GD Power hold 51.0% and 49.0% of our equity interests, respectively. The number of shares issued pursuant to the conversion was determined based on the book value of our net assets as at October 31, 2010 (being RMB4,874,723,523.72).

The Guodian Group was approved by the State Council of the PRC in the restructuring of the PRC power industry as one of the five largest nationwide power generation groups. The Guodian Group mainly engages in the development, investment, construction, operation and management of power generation, and sales of power and heat. It is also involved in the investment, construction, operation and management of businesses relevant to its core business, such as coal, power generation equipment, new energy, transportation, high-tech, environmental protection, technological services and consulting.

GD Power was established in 1992 and listed on the Shanghai Stock Exchange in March 1997. GD Power primarily engages in the generation and distribution of electric power and heating power. As of June 30, 2011, the Guodian Group was the Controlling Shareholder of GD Power.

Immediately after the listing of the H Shares and completion of the Global Offering, the Guodian Group and GD Power will directly hold approximately 34.31% and 34.30%, respectively, of our total issued share capital, assuming the Over-allotment Option is not exercised (if the Over-allotment Option is fully exercised, the shareholding ratios will be approximately 32.84% and 32.82%, respectively).

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### **Approval**

Our conversion into a joint stock company required approval from SASAC. SASAC approved the conversion on April 29, 2011. Our PRC legal counsel confirmed that we have obtained all necessary approvals from the relevant PRC government authorities with respect to the conversion.

### **Non-competition Agreements**

We entered into Non-competition Agreements with the Guodian Group and with GD Power on November 23, 2011, respectively. Please see the section headed “Relationship with the Guodian Group” in this prospectus for details.

### **Connected Transactions**

We have entered into certain agreements with entities that will become our Connected Persons (as defined under Chapter 14A of the Listing Rules) after the Listing. Such agreements will constitute connected transactions or continuing connected transactions of our Company under the Listing Rules. Please see the section headed “Connected Transactions” in this prospectus for details.

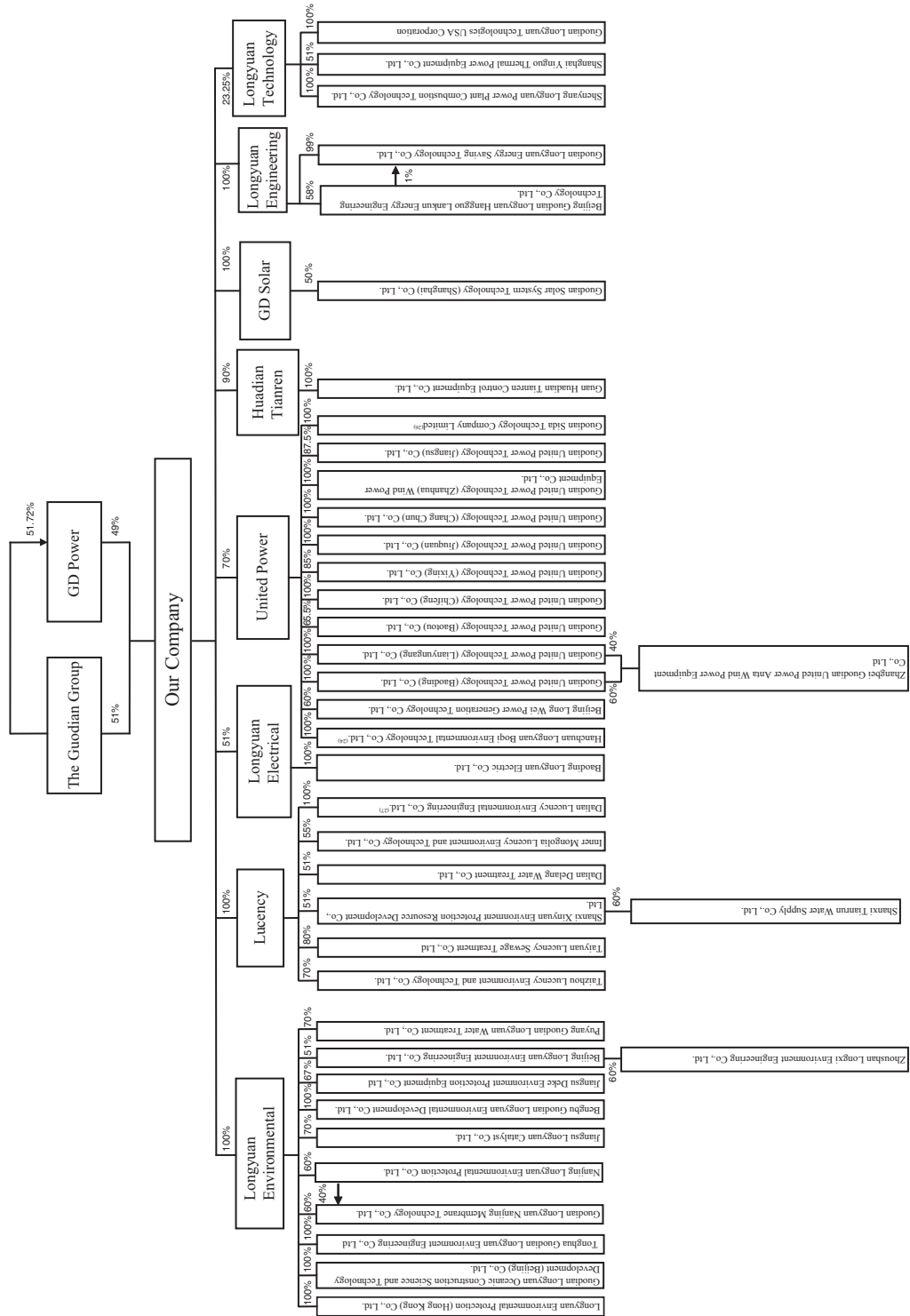
### **The Guodian Group’s Commitment**

As part of the reorganization, the Guodian Group agreed to indemnify us for any losses, claims, costs and expenses incurred by us in relation to defects in the title of the properties we own or lease from third parties.

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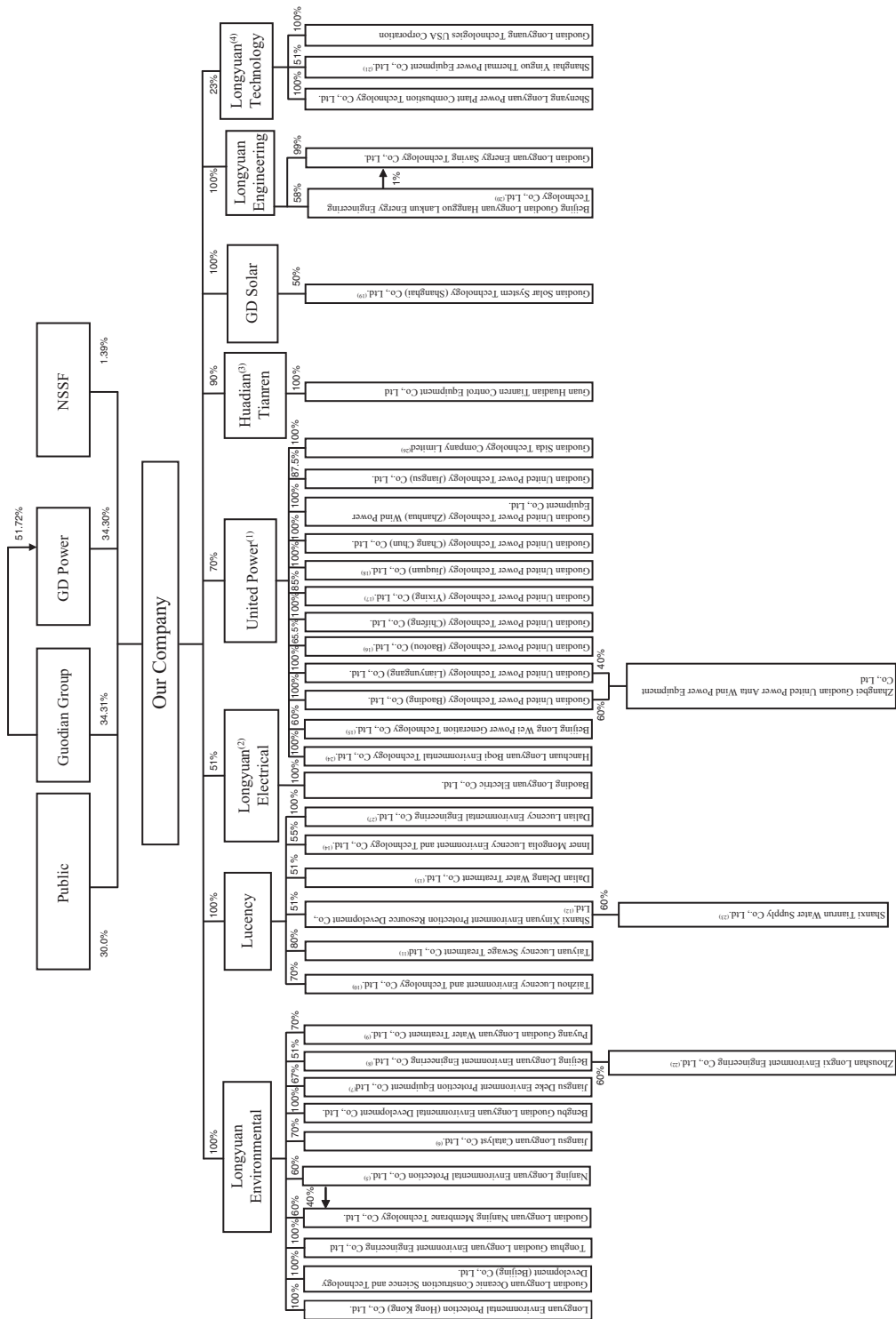
## OUR CORPORATE STRUCTURE

The following chart sets forth our corporate structure after the conversion of GDKH into a joint stock company and immediately prior to the Global Offering:



# OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets forth our corporate structure immediately after the Global Offering, assuming the Over-allotment Option is not exercised:



Notes:

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- (1) The other shareholder of United Power is Longyuan Power, which holds 30.0% of the equity interest. To the best of our knowledge, the principal activities of Longyuan Power are the design, development, construction, management and operation of wind farms. Longyuan Power is an associate of the Guodian Group, and therefore a Connected Person of the Group, United Power is a Connected Person of the Group pursuant to Rule 14A.11(5) of the Listing Rules.
- (2) The other shareholder of Longyuan Electrical is Beijing Kenuo Great Business Technology Co., Ltd. (“**Beijing Kenuo**”), which holds 49% of the equity interest. To the best of our knowledge, the principal activities of Beijing Kenuo are solar power generation, and the production and sale of solar power equipment. Other than being a shareholder of Longyuan Electrical and Guodian Solar Power System Technology (Shanghai) Co., Ltd., Beijing Kenuo is not related to the Group. Because none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Longyuan Electrical, Longyuan Electrical is not a Connected Person of the Group.
- (3) The other shareholder of Huadian Tianren is Beijing Huadian Tiande Assets Operation Co., Ltd., which holds 10.0% of the equity interest. To the best of our knowledge, Beijing Huadian Tiande Assets Operation Co., Ltd. principally engages in the operation and management of state-owned assets within its authority. Other than being a shareholder of Huadian Tianren, Beijing Huadian Tiande Assets Operation Co., Ltd. is not related to the Group. Because none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Huadian Tianren, Huadian Tianren is not a Connected Person of the Group.
- (4) The other shareholders of Longyuan Technology are Yantai Development Zone Longyuan Power Fire-control Engineering Co., Ltd. (“**Longyuan Power Fire-control**”), which holds 18.0% of the equity interest, Yantai Hairong Electrical Technology Co., Ltd. (“**Yantai Hairong**”), which holds 15.0% of the equity interest, and Hero Asia (BVI) Company Limited, which holds 18.75% of the equity interest. To the best of our knowledge, the principal activities of Longyuan Power Fire-control are the development, research, design, installation and technical service of process automation of large and medium thermal power generating systems, and the sale of thermo technical instruments and electronic components. The principal activities of Yantai Hairong are the development and sale of energy conservation products, auto-control system equipment and project installation services. The principal activities of Hero Asia (BVI) Company Limited is investment in enterprises dealing with production and sale of thermal power and pulverized coal equipment. Other than being a shareholder of Longyuan Technology, neither Longyuan Power Fire-control nor Yantai Hairong is related to the Group. As Hero Asia (BVI) Company Limited is a subsidiary of the Guodian Group, and therefore a Connected Person of the Group, Longyuan Technology is a Connected Person of the Group pursuant to Rule 14A.11(5) of the Listing Rules.
- (5) The other shareholder of Nanjing Longyuan Environmental Protection Co., Ltd. is Nanjing Jinengxian Investment Co., Ltd., which holds 40.0% of the equity interest. To the best of our knowledge, the principal activities of Nanjing Jinengxian Investment Co., Ltd. are investment and asset management and consultation services. Other than being a shareholder of Nanjing Longyuan Environmental Co., Ltd., Nanjing Jinengxian Investment Co., Ltd. is not related to the Group. Because none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Nanjing Longyuan Environmental Co., Ltd., Nanjing Longyuan Environmental Protection Co., Ltd. is not a Connected Person of the Group.
- (6) The other shareholder of Jiangsu Longyuan Catalyst Co. Ltd. is Guodian Environment Protection Research Institution, which holds 30.0% of the equity interest. To the best of our knowledge, the principal activities of Guodian Environment Protection Research Institution are the research and development of new technology in relation to environmental protection, production and sale of environmental protection products, design and construction of environmental protection projects, research and counseling related to environmental impact assessments environmental policy, environmental planning and management. As Guodian Environment Protection Research Institution is a subsidiary of the Guodian Group, and therefore a Connected Person of the Group, Jiangsu Longyuan Catalyst Co. Ltd. is a Connected Person of the Group pursuant to Rule 14A.11(4) and 14A.11(5) of the Listing Rules.
- (7) The other shareholder of Jiangsu Deke Environment Protection Equipment Co., Ltd. is APA International Investment Co., Ltd., which holds 32.54% of the equity interest. To the best of our knowledge, the principal activities of APA International Investment Co., Ltd. are investment and asset management and consultation services. Other than being a shareholder of Jiangsu Deke Environment Protection Equipment Co., Ltd., APA International Investment Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Jiangsu Deke Environment Protection Equipment Co., Ltd, Jiangsu Deke Environment Protection Equipment Co., Ltd. is not a Connected Person of the Group.
- (8) The other shareholder of Beijing Longyuan Environment Engineering Co., Ltd. is Beijing Rongke Chuangyuan Technology Co., Ltd., which holds 49.0% of the equity interest. To the best of our knowledge, the principal activities of Beijing Rongke Chuangyuan Technology Co., Ltd. are investment and asset management and consultation services. Other than being a shareholder of Beijing Longyuan Environment Engineering Co., Ltd., Beijing Rongke Chuangyuan Technology Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Beijing Longyuan Environment Engineering Co., Ltd., Beijing Longyuan Environment Engineering Co., Ltd. is not a connected person of the Group.
- (9) The other shareholders of Puyang Guodian Longyuan Water Treatment Co., Ltd. are Changhao Property Service Co., Ltd. (Puyang City), which holds 22.5% of the equity interest, and Puyang Shengtai Garden Greening Co. Ltd., which holds 7.5% of the equity interest. To the best of our knowledge, the principal activities of Puyang Guodian Longyuan Water Treatment Co., Ltd. are the provision of property management services, counseling services in relation to construction and installation projects, counseling services in relation to electric power maintenance and the sale of electrical instruments. The principal activities of Puyang Shengtai Garden Greening Co. Ltd. are landscaping and landscape design, and the cleaning and maintenance of buildings. Other than being a shareholder of Puyang Guodian Longyuan Water Treatment Co., Ltd., neither Changhao Property Service Co., Ltd. (Puyang City) or Puyang Shengtai Garden Greening Co. Ltd. is related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting

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- power at any general meeting of Puyang Guodian Longyuan Water Treatment Co., Ltd, Puyang Guodian Longyuan Water Treatment Co., Ltd is not a Connected Person of the Group.
- (10) The other shareholder of Taizhou Lucency Environment and Technology Co., Ltd. is Taizhou Gangtai Commercial and Trading Co., Ltd., which holds 30.0% of the equity interest. To the best of our knowledge, the principal activities of Taizhou Gangtai Commercial and Trading Co., Ltd. are the sale of coal, construction materials, steel, insulating materials, office stationery, desulfurization products, household items and the rental of machinery. Other than being a shareholder of Taizhou Lucency Environment and Technology Co., Ltd., Taizhou Gangtai Commercial and Trading Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company's level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Taizhou Lucency Environment and Technology Co., Ltd., Taizhou Lucency Environment and Technology Co., Ltd. is not a Connected Person of the Group.
- (11) The other shareholder of Taiyuan Lucency Sewage Treatment Co., Ltd. is Drainage Department of Taiyuan Urban Management Bureau, which holds 20.0% of the equity interest. To the best of our knowledge, the principal activities of Drainage Department of Taiyuan Urban Management Bureau are the improvement, integrated processing and re-use of rainfall and wastewater, and the development of technology of waste water integrated processing systems. Other than being a shareholder of Taiyuan Lucency Sewage Treatment Co., Ltd., Drainage Department of Taiyuan Urban Management Bureau is not related to the Group. As none of the Connected Persons at the Company's level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Taiyuan Lucency Sewage Treatment Co., Ltd., Taiyuan Lucency Sewage Treatment Co., Ltd. is not a Connected Person of the Group.
- (12) The other shareholder of Shanxi Xinyuan Environment Protection Resource Development Co., Ltd. is Datong Huajian Water Treatment Co., Ltd., which holds 49.0% of the equity interest. To the best of our knowledge, the principal activities of Datong Huajian Water Treatment Co., Ltd. are temporary water and heat supply, house rental, sale and after-sale service of household clean water equipment systems. Other than being a shareholder of Shanxi Xinyuan Environment Protection Resource Development Co., Ltd., Datong Huajian Water Treatment Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company's level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Shanxi Xinyuan Environment Protection Resource Development Co., Ltd., Shanxi Xinyuan Environment Protection Resource Development Co., Ltd. is not a Connected Person of the Group.
- (13) The other shareholder of Dalian Delang Water Treatment Co., Ltd. is Dalian Detai Holding Co., Ltd., which holds 49.0% of the equity interest. To the best of our knowledge, the principal activities of Dalian Detai Holding Co., Ltd. are the construction of urban infrastructure, maintenance and management of public utilities and supply of public utilities. Other than being a shareholder of Dalian Delang Water Treatment Co., Ltd., Dalian Detai Holding Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company's level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Dalian Delang Water Treatment Co., Ltd., Dalian Delang Water Treatment Co., Ltd. is not a Connected Person of the Group.
- (14) The other shareholder of Inner Mongolia Lucency Environment and Technology Co., Ltd. is Beijing Dacheng Hongli Energy Saving and Emission Reduction Technology Development Center, which holds 45.0% of the equity interest. To the best of our knowledge, the principal activities of Beijing Dacheng Hongli Energy Saving and Emission Reduction Technology Development Center are the development, promotion, counseling, transfer and provision of technology for environmental protection and energy conservation products. Other than being a shareholder of Inner Mongolia Lucency Environment and Technology Co., Ltd., Beijing Dacheng Hongli Energy Saving and Emission Reduction Technology Development Center is not related to the Group. As none of the Connected Persons at the Company's level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Inner Mongolia Lucency Environment and Technology Co., Ltd., Inner Mongolia Lucency Environment and Technology Co., Ltd. is not a Connected Person of the Group.
- (15) The other shareholders of BJLW are Beijing Full Dimension Power Tech. Co., Ltd. ("**Full Dimension**"), which holds 20.0% of the equity interest, and Nanjing Turbine & Electric Machinery (Group) Co., Ltd. ("**Nanjing Turbine**"), which holds 20.0% of the equity interest. To the best of our knowledge, the principal activities of Full Dimension are the supply of high-technology equipment for the power generation and energy power industries, and the development of new technology and new products related to steam turbines. The principal activities of Nanjing Turbine are to deal with heavy gas-turbine power generation systems, combined-cycle power generation equipment and medium and large asynchronous alternators and synchronous alternators. Other than being a shareholder of BJLW, neither Full Dimension nor Nanjing Turbine is related to the Group. BJLW is a subsidiary of United Power, and therefore a Connected Person of the Group.
- (16) The other shareholders of GUPBT are Changzhou Tianshan Heavy Industry Co., Ltd., which holds 18.18% of the equity interest, and Inner Mongolia First Machinery Group Corporation, which holds 16.36% of the equity interest. To the best of our knowledge, the principal activities of Changzhou Tianshan Heavy Industry Co., Ltd. are the design, manufacture and reproduction of equipment and related devices and sale of self-produced products. The principal activities of Inner Mongolia First Machinery Group Corporation are the design, development, manufacturing and sale of tank and armored vehicles and machinery manufacturing. Other than being a shareholder of GUPBT, neither Changzhou Tianshan Heavy Industry Co., Ltd. nor Inner Mongolia First Machinery Group Corporation is related to the Group. GUPBT is a subsidiary of United Power, and therefore a Connected Person of the Group.
- (17) The other shareholder of Guodian United Power Technology (Yixing) Co., Ltd. is Jiangsu Liangbo Power Energy-Saving Environmental Protection Co., Ltd. ("**Jiangsu Liangbo**"), which holds 15.0% of the equity interest. To the best of our knowledge, the principal activities of Jiangsu Liangbo are the research and development of environmental protection technology and production, refractory and insulating material products, manufacturing and sale of environmental protection machinery and improvement services for industrial furnaces. Other than being a shareholder of Guodian United Power Technology (Yixing) Co., Ltd. and Guodian United Power Technology (Jiangsu) Co., Ltd., Jiangsu Liangbo is not related to the Group. Guodian United Power Technology (Yixing) Co., Ltd. is a subsidiary of United Power, and therefore a Connected Person of the Group.

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- (18) The other shareholder of Guodian United Power Technology (Jiangsu) Co., Ltd. is Jiangsu Liangbo, which holds 12.5% of the equity interest. To the best of our knowledge, the principal activities of Jiangsu Liangbo are the research and development of environmental protection technology and the production of refractory and insulating material products, manufacturing and sale of environmental protection machinery and improvement services for industrial furnaces. Other than being a shareholder of Guodian United Power Technology (Jiangsu) Co., Ltd. and Guodian United Power Technology (Yixing) Co., Ltd., Jiangsu Liangbo is not related to the Group. Guodian United Power Technology (Jiangsu) Co., Ltd. is a subsidiary of United Power, and therefore a Connected Person of the Group.
- (19) The other shareholders of Guodian Solar Power System Technology (Shanghai) Co., Ltd. are the IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited (“11th Institute”), which holds 40.0% of the equity interest, and Beijing Kenuo, which holds 10.0% of the equity interest. To the best of our knowledge, the principal activity of the 11th Institute is general contracting relating to projects. Other than being a shareholder of Guodian Solar Power System Technology (Shanghai) Co., Ltd., the 11th Institute is not related to the Group. The principal activities of Beijing Kenuo are counseling, design and project contracting. Other than being a shareholder of Guodian Solar Power System Technology (Shanghai) Co., Ltd. and Longyuan Electrical, Beijing Kenuo is not related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Guodian Solar Power System Technology (Shanghai) Co., Ltd., Guodian Solar Power System Technology (Shanghai) Co., Ltd. is not a Connected Person of the Group.
- (20) The other shareholder of Beijing Guodian Hanguo Lankun Energy Engineering Technology Co., Ltd. is Hangzhou Furnace Group Corporation, which holds 41.8% of the equity interest. To the best of our knowledge, the principal activities of Hangzhou Furnace Group Corporation are the provision of residual heat furnaces, industrial furnaces, power station furnaces, and nuclear power equipment and power station supplementary machines. Other than being a shareholder of Beijing Guodian Hanguo Lankun Energy Engineering Co., Ltd., Hangzhou Furnace Group Corporation is not related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Beijing Guodian Hanguo Lankun Energy Engineering Co., Ltd., Beijing Guodian Hanguo Lankun Energy Engineering Co., Ltd. is not a Connected Person of the Group.
- (21) The other shareholders of Shanghai Yinguo Thermal Power Equipment Co., Ltd. are Zhang Lianqun, who holds 32% of the equity interest, Huang Quanming, who holds 4.0% of the equity interest, and Luo Guiping, who holds 13.0% of the equity interest. To the best of our knowledge, other than being shareholders of Shanghai Yinguo Thermal Equipment Co., Ltd., Zhang Lianqun, Huang Quanming and Luo Guiping are not related to the Group. Shanghai Yinguo Thermal Equipment Co., Ltd. is a subsidiary of Longyuan Technology and therefore a Connected Person of the Group.
- (22) The other shareholder of Zhoushan Longxi Environment Engineering Co., Ltd. is Zhoushan Zhengyang Investment Co., Ltd., which holds 40.0% of the equity interest. To the best of our knowledge, the principal activities of Zhoushan Zhengyang Investment Co., Ltd. are industrial investment, investment consulting, development of information technology, equipment lease services and power technical services. Other than being a shareholder of Zhoushan Longxi Environment Engineering Co., Ltd., Zhoushan Zhengyang Investment Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Zhoushan Longxi Environment Engineering Co., Ltd., Zhoushan Longxi Environment Engineering Co., Ltd. is not a connected person of the Group.
- (23) The other shareholder of Shanxi Tianrun Water Supply Co., Ltd. is Shanxi Economic Construction and Investment Co., Ltd., which holds 40.0% of the equity interest. To the best of our knowledge, the principal activities of Shanxi Economic Construction and Investment Co., Ltd. are investment in fixed assets and feasibility research of national economic development projects. Other than being a shareholder of Zhoushan Longxi Environment Engineering Co., Ltd., Shanxi Economic Construction and Investment Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Shanxi Tianrun Water Supply Co., Ltd., Shanxi Tianrun Water Supply Co., Ltd. is not a Connected Person of the Group.
- (24) Hanchuan Longyuan Boqi Environmental Technology Co., Ltd. was incorporate on October 8, 2011, with registered share capital of RMB30 million. The principal activities of Hanchuan Longyuan Boqi Environmental Technology Co., Ltd. are installation, testing, operation, maintenance and sale of environmental protection equipments. The other shareholder of Hanchuan Longyuan Boqi Environmental Technology Co., Ltd. is Beijing Boqi Power Technology Co., Ltd., which holds 30% of equity interest. To the best of our knowledge, the principal activities of Beijing Boqi Power Technology Co., Ltd is environmental Engineering. Other than being a shareholder of Hanchuan Longyuan Boqi Environmental Technology Co., Ltd, Beijing Boqi Power Technology Co., Ltd. is not related to the Group. As none of the Connected Persons at the Company’s level can exercise or control the exercise of 10% or more of the voting power at any general meeting of Hanchuan Longyuan Boqi Environmental Technology Co., Ltd., Hanchuan Longyuan Boqi Environmental Technology Co., Ltd. is not a Connected Person of the Group.
- (25) Dalian Lucency Environmental Engineering Co., Ltd. was incorporated on August 5, 2011, with registered share capital of RMB4.5 million. The principal activities of Dalian Lucency Environmental Engineering Co., Ltd are water treatment and construction.
- (26) Beijing Guodian Sida Technology Co., Ltd. was incorporated on August 12, 2011, with registered share capital of RMB16.0 million. The principal activities of Beijing Guodian Sida Technology Co., Ltd are technology development, consulting, promotion and services.

## CONCERT PARTY AGREEMENTS AND CONFIRMATION LETTERS

As at the Latest Practicable Date, certain other equity owners of our five non-wholly owned subsidiaries listed below had entered into concert party agreements with us or made



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similar undertakings. Pursuant to such agreements or undertakings, these equity owners confirmed our controlling positions in the relevant subsidiaries prior to our entering into the agreements or undertakings and undertook to ensure our controlling positions in the relevant subsidiaries with respect to their operational and financial decision-making processes. These subsidiaries are:

- United Power;
- Longyuan Technology;
- BJLW;
- GUPBT; and
- Jiangsu Deke Environmental Equipment Co., Ltd. (江蘇德克環保設備有限公司).

Longyuan Technology is listed on the Shenzhen Stock Exchange, and we and Hero Asia (BVI) Company Limited are its two largest shareholders, holding 23.25% and 18.75% of its shares, respectively. Hero Asia (BVI) Company Limited is indirectly wholly-owned by Longyuan Power, which is controlled by the Guodian Group. The Guodian Group has committed that it will procure that Hero Asia (BVI) Company Limited vote in concert with us for all material operational and financial matters in shareholders' meetings and meetings of the board of directors of Longyuan Technology. Hero Asia (BVI) Company Limited also committed to the Guodian Group to comply with the instructions of the Guodian Group on matters relating to Longyuan Technology. In light of this, we believe that we are able to control the material operational and financial matters of Longyuan Technology. Therefore, we consider Longyuan Technology to be one of our subsidiaries.

As of the Latest Practicable Date, certain other equity owners of our three non-wholly owned subsidiaries listed below provided us with concert party confirmation letters to confirm our controlling positions in the relevant subsidiaries with respect to their operations and financial decision processes. These subsidiaries are:

- Nanjing Longyuan;
- Jiangsu Deke Environmental Equipment Co., Ltd. (江蘇德克環保設備有限公司); and
- Beijing Longyuan Environmental Engineering Co., Ltd. (北京龍源環保工程有限公司).

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The following table presents details of these subsidiaries:

Name of subsidiary	Percentage of interests owned by the Group	Board structure and representation
United Power	70.0%	The board of directors consists of 7 directors: 4 directors are appointed by the Company; 2 directors are appointed by Longyuan Power; and 1 director is an employee director
GUPBT (國電聯合動力技術(包頭)有限公司)	65.46%	The board of directors consists of 5 directors: 3 directors are appointed by United Power; 1 director is appointed by Changzhou Tianshan Heavy Industry Co., Ltd. (常州天山重工機械有限公司); and 1 director is appointed by Inner Mongolia First Machinery Group Corporation (內蒙古第一機械製造(集團)有限公司)
BJLW (北京龍威發電技術有限公司)	60.0%	The board of directors consists of 5 directors: 3 directors are appointed by United Power; 1 director is appointed by Beijing Full Dimension Power Tech. Co., Ltd. (北京全四維動力科技有限公司); and 1 director is appointed by Nanjing Turbine & Electric Machinery (Group) Co., Ltd. (南京汽輪電機(集團)有限責任公司)
Beijing Longyuan Environmental Engineering Co., Ltd. (北京龍源環保工程有限公司)	51.0%	The board of directors consists of 5 directors: 3 directors are appointed by Longyuan Environmental; and 2 directors are appointed by Beijing Rongke Chuangyuan Technology Co., Ltd. (北京融科創源科技有限公司)
Jiangsu Deke Environment Protection Equipment Co., Ltd. (江蘇德克環保設備有限公司)	67.46%	The board of directors consists of 5 directors: 3 directors are appointed by Longyuan Environmental; and 2 directors are appointed by APA International Investment Pty Limited (APA 國際投資有限公司)
Nanjing Longyuan (南京龍源環保有限公司)	60.00%	The board of directors consists of 5 directors: 3 directors are appointed by Longyuan Environmental; and 2 directors are appointed by Nanjing Jinengxin Investment Co., Ltd. (南京集能鑫投資有限公司)
Longyuan Technology (煙台龍源電力技術股份有限公司)	23.25%	The board of directors consists of 12 directors: 3 directors are appointed by the Company; 2 directors are appointed by Hero Asia (BVI) Company Limited (雄亞(維爾京)有限公司); 2 directors are appointed by Longyuan Power fire-control Engineering Co., Ltd. (Yantai Development District) (煙臺開發區龍源電力燃燒控制工程有限公司); 1 director is appointed by Yantai Hairong Electrical Technology Co., Ltd. (煙臺海融電力技術有限公司); and 4 are independent non-executive directors

Under PRC Company Law and the articles of association of each of the above subsidiaries, the Group and other shareholders of each of the above subsidiaries are entitled to voting rights at shareholders' meetings, distribution and other shareholders' rights and have obligations in accordance with their respective shareholdings.

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## OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Although we have majority shareholdings in most of the above-mentioned subsidiaries, including United Power, Nanjing Longyuan, Jiangsu Deke Environmental Equipment Co., Ltd., BJLW, GUPBT and Beijing Longyuan Environmental Engineering Co., Ltd., we cannot ensure that all future resolutions in relation to material operational and financial matters proposed by us will be passed at board or shareholders' meetings of such subsidiaries, pursuant to their respective articles of association. We therefore entered into the relevant concert party agreements and confirmation letters to ensure our control of these subsidiaries in the future and to confirm our control of these subsidiaries in the past.

Our PRC legal counsel has confirmed that each of the concert party agreements and concert party confirmation letters described above is legal, valid and enforceable on the parties thereto in accordance with each such agreement's or confirmation letter's terms. Our PRC legal counsel also confirmed that none of the above-described concert party agreements or concert party confirmation letters, or the arrangements contemplated thereunder, has violated the articles of association of the respective subsidiaries.

As we have the power to control the above-named non-wholly-owned subsidiaries during the Track Record Period, their financial results were incorporated into the consolidated financial statements of the Group. Please refer to Appendix I of this prospectus for more details.