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 our connected transactions or continuing connected transactions of our Company under the Listing Rules.

CONNECTED PERSONS

The definition of Connected Persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the IASB.

1. The Guodian Group and its subsidiaries and associates (other than the Group)

Immediately following completion of the Global Offering, the Guodian Group will directly, and indirectly, through GD Power, hold approximately 68.61% of the issued share capital of the Company if the Over-allotment Option is not exercised (or approximately 65.66% if the Over-allotment Option is exercised in full). The Guodian Group will therefore be our Controlling Shareholder. The Guodian Group and its subsidiaries and associates are Connected Persons of us by virtue of Rule 14A.11(1) and (4) of the Listing Rules.

The principal activities of the Guodian Group are power related coal resources investment, development, construction, operation and management of power and environmental protection businesses.

2. The IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited

The IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited ("**11th Institute**") owns 40% of equity interest in Guodian Solar System Technology (Shanghai) Co., Ltd ("**GD Solar (Shanghai)**"), which is a 50% owned subsidiary of GD Solar. GD Solar is our wholly owned subsidiary. Therefore, the 11th Institute is a substantial shareholder of GD Solar (Shanghai) and our Connected Person under Rule 14A.11 (1) of the Listing Rules. The 11th Institute is not otherwise connected to the Guodian Group.

The principal activities of the 11th Institute are general contracting relating to projects.

3. Full Dimension Power Tech. Co., Ltd.

Full Dimension Power Tech. Co., Ltd. ("**Full Dimension**") owns 20% of equity interest in BJLW, which is a 60% subsidiary of United Power. We own 70% of equity interest in United Power. Therefore, Full Dimension is a substantial shareholder of BJLW and our Connected Person under Rule 14A.11(1) of the Listing Rules. Full Dimension is not otherwise connected to the Guodian Group.

The principal activities of Full Dimension are supply of gears for power generation, and development of new technologies and new products relating to steam turbines.

4. Nanjing Turbine & Electric Machinery (Group) Co., Ltd.

Nanjing Turbine & Electric Machinery (Group) Co., Ltd. ("**Nanjing Turbine**") owns 20% of equity interest in BJLW, which is a 60% owned subsidiary of United Power. We own 70% of equity interest in United Power. Therefore, Nanjing Turbine is a substantial shareholder of BJLW and our Connected Person ("**Nanjing Turbine**") under Rule 14A.11(1) of the Listing Rules.

The principal activities of Nanjing Turbine are to deal with heavy gas-turbine power generation system, combined cycle power generation equipment and medium and large asynchronous alternator and synchronous alternator.

5. Inner Mongolia First Machinery Group Corporation

Inner Mongolia First Machinery Group Corporation ("**Mongolia Machinery**") owns 16.36% of equity interest in GUPBT, which is a 65.46% owned subsidiary of United Power. We own 70.0% of equity interest in United Power. Therefore, Mongolia Machinery is a substantial shareholder of GUPBT and our Connected Person under Rule 14A.11(1) of the Listing Rules.

The principal activities of Mongolia Machinery are design, development, manufacturing and sale of heavy machinery.

6. United Power and its subsidiaries

We own 70%, while Longyuan Power owns 30%, of equity interest in United Power. Longyuan Power is a 63.68% owned subsidiary of the Guodian Group, our Controlling Shareholder, United Power is therefore an associate of the Guodian Group. Therefore, United Power is our Connected Person under Rule 14A.11(4) and Rule 14A.11(5) of the Listing Rules. The subsidiaries of United Power are our Connected Persons under Rule 14A.11(4) and Rule 14A.11(6) of the Listing Rules. Because Longyuan Power is listed on the Hong Kong Stock Exchange, any transfer of assets (including its equity investments) to its Connected Persons must go through a corporate governance process; Longyuan Power therefore did not transfer its equity interest in United Power to us, particularly in light of the fact that United Power is Longyuan Power's supplier.

The principal activities of United Power are design, manufacturing and reproduction of gear and related devices, sale of self-produced products.

7. Longyuan Technology and its subsidiaries

Longyuan Technology is our 23.25% owned subsidiary. As of the Latest Practicable Date, Hero Asia (BVI) Company Limited, a wholly owned subsidiary of Longyuan Power, owns approximately 18.8% of equity interest in Longyuan Technology. Given that Longyuan Power is a subsidiary of the Guodian Group, Longyuan Technology is our Connected Person under Rule 14A.11(5) of the Listing Rules. The subsidiaries of Longyuan Technology are our Connected Persons under Rule 14A.11(6) of the Listing Rules. Hero Asia (BVI) Company Limited did not transfer its equity interest in Longyuan Technology to us because of similar reasons as explained in the section headed "—6. United Power and its subsidiaries" above.

The principal activities of Longyuan Technology are production, sale, installation and operation of equipment in power, energy and related areas, and technology counseling and services.

8. Jiangsu Longyuan

Jiangsu Longyuan is a 70% owned subsidiary of Longyuan Environmental, our wholly owned subsidiary. Guodian Environment Research Institute, a subsidiary of the Guodian Group, holds the remaining 30% of equity interest in Jiangsu Longyuan. The Guodian Group is our Controlling Shareholder. Therefore, Jiangsu Longyuan is an associate of the Guodian Group and our Connected Person under Rule 14A.11(4) and Rule 14A.11(5) of the Listing Rules. We invited Guodian Environment Research Institute to be a co-owner of Jiangsu Longyuan, given Guodian Environment Research Institute's technology and research focus. Such focus benefits Jiangsu Longyuan's commercial operations.

The principle activities of Jiangsu Longyuan are development, manufacturing, sale of FGD SGR catalyst and technology services.

RESTRUCTURING AND CERTAIN NON-RECURRING CONNECTED TRANSACTIONS

1. The Guodian Group's Commitment

We became a joint stock company with limited liability in the PRC on May 16, 2011 as a result of the conversion of GDKH into Guodian Technology & Environment Group Corporation Limited. In anticipation of our Global Offering, the Guodian Group undertakes to indemnify us for any losses, claims, costs and expenses incurred by us in relation to the defects in the titles of the properties we own or lease from third parties.

2. Non-competition Agreements

We entered into the Non-competition Agreements with the Guodian Group and GD Power on November 23, 2011 respectively. Under these agreements, each of the Guodian Group and GD Power respectively undertook to us that except in certain limited circumstances, for so long as the agreements remain effective, it shall not, and shall procure its subsidiaries and associates (with respect to Guodian Group only, but other than the Exempted Companies) not to, directly or indirectly engage in the Main Businesses. The Guodian Group and GD Power have also respectively granted us options and pre-emptive rights over certain interests retained by them and future business opportunities. For details of the Non-competition Agreements, please see the sub-section headed "Non-competition Agreements and Undertakings" of the "Relationship with the Guodian Group" section of this prospectus.

Listing Rules Implications: Any transaction that might take place after the Global Offering pursuant to the above mentioned agreements will not constitute continuing connected transactions for our Company.

However, when we decide whether to exercise any options or pre-emptive rights provided for under the Non-competition Agreements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

3. Provision of products and services by the Group to Nanjing Turbine

Our subsidiary, BJLW entered into an agreement on March 2, 2010 with Nanjing Turbine for provision of products and services by BJLW to Nanjing Turbine. Pursuant to the agreement, BJLW will provide to Nanjing Turbine processing service and products which include pressure bulkhead, split-ring and blade ring. This service is relevant to our energy conservation business.

The consideration of the transaction is RMB 4.2 million and is determined after arm's length negotiation.

(1) Nanjing Turbine shall pay BJLW 30% of the transaction value in one month after the execution date.

(2) Nanjing Turbine shall pay BJLW 30% of the transaction value upon the unit is installed and operated for 168 hours.

(3) Nanjing Turbine shall pay BJLW 30% of the transaction value upon 3 months' normal operation of the unit providing that no quality problem occurs.

(4) Nanjing Turbine shall pay BJLW 10% of the transaction value upon 1 year's normal operation of the unit providing that no quality problem occurs. It is estimated that such value will be paid by the end of 2011.

Listing Rules implications: The transaction between BJLW and Nanjing Turbine will constitute a connected transaction of the Company upon its listing under the Listing Rules. As of the Latest Practicable Date, BJLW has completed all relevant processing service and products as required by the agreement. Nanjing Turbine has paid RMB 3.78 million, 90% of the consideration to BJLW. It is estimated that the remaining payment will be made by the end of 2011. Each of the applicable percentage ratios of this transaction is less than 0.1%, therefore it is exempted from the reporting, announcement and independent shareholders' approval requirements.

CONTINUING CONNECTED TRANSACTIONS

The following sets out a summary of our connected transactions which will continue following the Listing and the relevant waivers sought:

	Transaction	Our Group member	Connected persons	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
	Exempt continuing connected transaction						
1	Trademark License Agreement	The Company	Guodian Group	Our Controlling Shareholder	Exempted	N/A	N/A
2	Properties Leasing Agreement	GUPBT	Mongolia Machinery	Substantial Shareholder of a non wholly owned subsidiary of the Company	Exempted	GUPBT did not rent any property from Mongolia Machinery until 2010. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 0.7 million and RMB 0.5 million, respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 1.0 million, RMB 1.0 million and RMB 1.0 million respectively.
3	Properties Leasing Agreement	The Company	Longyuan Technology	A non-wholly owned subsidiary of the Company, one of its other shareholders is Our Connected Person	Exempted	Longyuan Technology did not rent any property from us until 2011. For the six months ended June 30, 2011, the total amount was approximately RMB 0.4 million.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 2.0 million, RMB 3.0 million and RMB 3.0 million respectively.
	Non-exempt continuing connected transaction						
4	Provision of products and services by our Group	The Company	Guodian Group	Our Controlling Shareholder	Announcement and independent shareholders' approval requirements	For the three years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 1,558.0 million, RMB 2,901.0 million, RMB 5,864.0 million and RMB 3,993.0 million respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 11,354.0 million, RMB 14,153.0 million and RMB 18,200.0 million respectively.

	Transaction	Our Group member	Connected persons	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
5	Provision of products and services to our Group	The Company	Guodian Group	Our Controlling Shareholder	Announcement and independent shareholders' approval requirements	For the three years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 249.1 million, RMB 40.3 million, RMB 705.7 million and RMB 564.5 million respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 780.0 million, RMB 2,000.0 million and RMB 2,500.0 million respectively.
6	Provision of Products by our Group	The Company	United Power	A non-wholly owned subsidiary of the Company, the other shareholder is a Connected Person of the Company; and associate of Controlling Shareholder	Announcement and independent shareholders' approval requirements	There was no transaction between us and United Power for 2008. For the years ended December 31, 2009 and 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 31.1 million, RMB 319.8 million and RMB 186.2 million, respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 778.0 million, RMB 1,136.0 million, and RMB 1,313.0 million respectively.
7	Provision of products and services to our Group	The Company	The 11th Institute	Substantial Shareholder of a non wholly-owned subsidiary of the Company	Announcement requirement	There was no transaction between us and the 11th Institute for 2008 and 2009. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 265.4 million and RMB 196.9 million, respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 320.0 million, RMB 180.0 million and RMB 200.0 million respectively.
8	Provision of products by our Group	The Company	The 11th Institute	Substantial Shareholder of a non wholly-owned subsidiary of the Company	Announcement requirement	There was no transaction between us and the 11th Institute for 2008 and 2009. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 14.0 million and RMB 24.0 million, respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 100.0 million, RMB 100.0 million and RMB 100.0 million respectively.

	Transaction	Our Group member	Connected persons	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
9	Properties Leasing Agreement	The Company	United Power	A non-wholly owned subsidiary of the Company, the other shareholder is a Connected Person of the Company; and associate of Controlling Shareholder	Announcement requirement	United Power did not rent any property from us until 2011. For the six months ended June 30, 2011, the total amount was approximately RMB 10.3 million.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 25.0 million, RMB 30.0 million, and RMB 30.0 million respectively.
10	Provision of products and services to our Group	The Company	Full Dimension	Substantial Shareholder of a non wholly-owned subsidiary of the Company	Announcement requirement	There was no transaction between us and Full Dimension for 2008. For the years ended December 31, 2009 and 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 31.0 million, RMB 130.0 million and RMB 63.0 million respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 151.0 million, RMB 8.0 million and RMB 8.0 million respectively.
11	Provision of products and services to our Group	The Company	Longyuan Technology	A non-wholly owned subsidiary of the Company, one of its other shareholders is our Connected Person	Announcement requirement	There was no transaction between us and Longyuan Technology for 2008 and 2009. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 1.8 million and RMB 1.3 million respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 16.0 million, RMB 4.0 million and RMB 3.0 million respectively.
12	Provision of products to our Group	The Company	Jiangsu Longyuan	A non-wholly owned subsidiary of the Company, the other shareholder is a Connected Person of the Company; and an associate of our Controlling Shareholder	Announcement requirement	There was no transaction between us and Jiangsu Longyuan for 2008. For the years ended December 31, 2009 and 2010 and the six months ended June 30, 2011, the total amount was approximately RMB 71.0 million, RMB 49.0 million and RMB 55.0 million, respectively.	For the three years ending December 31, 2011, 2012 and 2013, the annual caps are RMB 86.0 million, RMB 100.0 million and RMB 100.0 million respectively.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain agreements which following completion of the Global Offering will constitute exempt continuing connected transactions of the Company. These transactions are or will be entered into on normal or better than normal (from the perspective of the Company) commercial terms where each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will, as the Directors currently expect, be less than 0.1% on an annual basis. By virtue of Rule 14A.33(3)(a) of the Listing Rules, these transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. These transactions include:

1. Trademark License Agreement

Parties: The Guodian Group (as the licensor) and the Company (as the licensee)

Reasons for the transaction: As a major subsidiary of the Guodian Group, the Company is the main platform for the Guodian Group to develop the energy saving and environmental protection businesses. As such, the Company will continue to use certain trademarks of the Guodian Group after completion of the Global Offering.

Material terms: We entered into a trademark license agreement with the Guodian Group on November 23, 2011, pursuant to which, the Guodian Group agreed to grant to the Group a non-exclusive licence to use certain trademarks of the Guodian Group on the Group's products and services as well as related documentation. The licensed trademarks include 8 registered trademarks.

The trademark license agreement is for a term of 10 years commencing from the date of incorporation of us (i.e. May 16, 2011) and may be renewed for a further term of three years upon the written notice by us and the written confirmation by the Guodian Group at least one month prior to the expiry of this agreement.

Pricing policy: The trademark license is granted at no consideration.

Historical transaction value: We did not pay any royalty fee to the Guodian Group for the use of the licensed trademarks for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011.

Listing Rules implications: The Guodian Group is our promoter and Controlling Shareholder, and therefore our Connected Person under Rule 14A.11(1) of the Listing Rules.

The estimated annual caps of the trademarks license agreement fall below the de minimis threshold and will constitute a continuing connected transaction for the Company exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules after completion of the Global Offering.

2. Properties Leasing Agreement

Parties: GUPBT (as lessee) and Mongolia Machinery (as lessor).

Material terms: GUPBT entered into a master leasing agreement with Mongolia Machinery on November 23, 2011 in good faith and at arm's length, pursuant to which, Mongolia Machinery agreed to lease land and buildings to GUPBT as offices, production facilities, workshops and staff quarters.

The master leasing agreement has been entered into in good faith and negotiated between the parties at arm's length.

GUPBT is not entitled to sub-lease or transfer any of the leases to another party without prior written consent from Mongolia Machinery.

This agreement is for a term of 3 years ending December 31, 2013, and is, subject to compliance with the requirements of the Listing Rules by our Company, renewable upon mutual agreement of the parties.

During the term of the leases for the properties, the parties to the lease will bear their own taxes in accordance with the applicable laws and regulations.

Under the master leasing agreement, GUPBT has the right of first refusal for the renewal of the leases relating to the properties.

GUPBT has warranted that it will pay the rents specified for each of the properties in a timely manner and that GUPBT shall use the properties in accordance with the leases and not do or allow any damage to the value of the properties.

The rights and obligations of the parties under the leasing agreement are not transferable.

Pricing policy: The rent for each of the leases has been determined for the three-year period with reference to comparable properties in similar locations as specified in each of the leases and (where applicable) will be adjusted in accordance with the terms of the lease by mutual agreement or by the appointment of an independent valuer acceptable to both parties. However, any such increment in rent has to be reasonable and no higher than the rent that would otherwise be payable by an Independent Third Party paying market rent for similar properties.

Historical transaction value: GUPBT did not rent any property from Mongolia Machinery until 2010. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total rent was approximately RMB 0.7 million (in respect of land of approximately 36,770 sq.m and building of approximately 13,127.92 sq.m), and RMB 0.5 million (in respect of land of approximately 36,770 sq.m and building of approximately 13,127.92 sq.m), respectively. These rents are based on market rates.

Annual Caps: Based on the historical transaction values and the growth of the property market in the PRC, it is estimated that the annual amount payable under the leasing agreement in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB1.0 million, RMB1.0 million and RMB1.0 million respectively.

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has confirmed that the rents for each unit of land and property under the leasing agreement are fair and reasonable and are consistent with prevailing market rent for similar premises.

In arriving at the above annual caps, the Directors have considered the terms of the currently valid leases and the property market conditions in the PRC going forward.

Listing Rules implications: We own 70% of equity interest in United Power. GUPBT is a subsidiary of United Power. Mongolia Machinery is the substantial shareholder of GUPBT, therefore, Mongolia Machinery is a Connected Person of the Company under Rule 14A.11(1) of the Listing Rules.

The estimated annual caps of the master leasing agreement fall below the de minimis threshold under Rule 14A.33(3)(a) of the Listing Rules and thus it will constitute a continuing connected transaction for the Company, which will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Properties Leasing Agreement

Parties: the Company (as lessor) and Longyuan Technology (as lessee)

Material terms: We entered into a master leasing agreement with Longyuan Technology on November 23, 2011, pursuant to which, we agreed to lease land and buildings to Longyuan Technology and its subsidiaries as offices, production facilities, workshops and staff quarters.

The master leasing agreement has been entered into in good faith and negotiated between the parties at arm's length.

Longyuan Technology and its subsidiaries are not entitled to sub-lease or transfer any of the leases to another party without prior written consent from us.

This agreement is for a term of 3 years ending on December 31, 2013, and is, subject to compliance with the requirements of the Listing Rules by us, renewable upon mutual agreement of the parties.

During the term of the leases for the properties, the parties to each lease will bear their own taxes in accordance with the applicable laws and regulations.

Longyuan Technology have warranted that it and its subsidiaries will pay the rents specified for each of the properties in a timely manner and that Longyuan Technology and its subsidiaries shall use the properties in accordance with the leases and not do or allow any damage to the value of the properties.

The rights and obligations of the parties under the master leasing agreement are not transferable.

Pricing policy: The rent for each of the leases has been determined for the three-year period with reference to comparable properties in similar locations as specified in each of the leases and (where applicable) will be adjusted in accordance with the terms of the lease by mutual agreement or by the appointment of an independent valuer acceptable to both parties. However, any such increment in rent has to be reasonable and no higher than the rent that would otherwise be payable by an Independent Third Party paying market rent for similar properties.

Historical transaction value: Longyuan Technology did not rent any property from us until 2011. For the six months ended June 30, 2011, the total rent was approximately RMB0.4 million (in respect of land and buildings of a total of approximately 455.34 sq.m).

Annual Caps: Based on the historical transaction values and the growth of the property market in the PRC, it is estimated that the annual amount payable under the leasing agreement in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB2.0 million, RMB3.0 million and RMB3.0 million respectively.

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has confirmed that the rents for each unit of land and building under the leasing agreement are fair and reasonable and are consistent with prevailing market rent for similar premises.

In arriving at the above annual caps, the Directors have considered the terms of the currently valid leases and the property market conditions in the PRC going forward.

Listing Rules implications: Longyuan Technology is our subsidiary. Hero Asia (BVI) Company Limited, a wholly owned subsidiary of Longyuan Power, owns 18.8% of equity interest in Longyuan Technology. Longyuan Power is a subsidiary of the Guodian Group, our Controlling Shareholder. Therefore, Longyuan Technology is a Connected Person of us under Rule 14A.11(5) of the Listing Rules.

The estimated annual caps of the master leasing agreement fall below the de minimis threshold under Rule 14A.33(3)(a) of the Listing Rules and thus it will constitute a continuing connected transaction for the Company, which will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have also entered into certain other agreements and transactions with the Guodian Group, the 11th Institute, Full Dimension, Longyuan Technology, Jiangsu Longyuan and United Power which will constitute our non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules. These transactions include:

A. Continuing connected transactions subject to reporting, annual review, announcement and independent shareholders' approval requirements ("Group I Non-exempt CCT")

The following transactions are or will be entered into on normal commercial terms where, as the Directors currently expect, each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5% on an annual basis and the annual consideration will exceed HK$10,000,000. By virtue of Rule 14A.35 of the Listing

Rules, each of such transactions will constitute a non-exempt continuing connected transaction for the Company subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Provision of products and services by the Group to the Guodian Group and its subsidiaries (other than the Group)

Parties: The Company and the Guodian Group

Material terms: We entered into a master agreement in good faith and at arm's length on the mutual supply of products and services with the Guodian Group on November 23, 2011.

Pursuant to this master agreement, the goods and services to be provided by the Group to the Guodian Group and its subsidiaries (other than the Group) include:

- *Environmental protection and energy conservation solutions services segment:* (i) environmental protection products (including ash removal, water treatment and denitrification catalyst, etc); (ii) energy conservation products (including plasma-assisted coal combustion equipment, etc); (iii) environmental protection services (including desulfurization concession service, denitrification concession service, desulfurization EPC service, denitrification EPC service, water treatment BOT service, etc); and (iv) energy conservation services (including steam turbine flow passage improvement service and EMC, etc); and

- *Renewable energy equipment manufacturing and integrated solutions services segment:* (i) WTGs and their parts and components; (ii) solar power products; (iii) wind power services including wind farm EPC services; and (iv) solar power services including station EPC services.

If the terms and conditions of similar products and services offered by an Independent Third Party are no better than those offered by one party, the other party shall give priority in sourcing the requisite products and services from the first party.

The Group and the Guodian Group and its subsidiaries (other than the Group) will enter into separate agreements which shall set out the specific scope of services, products, terms and conditions of providing such services and products according to the principles laid down by this master agreement, and otherwise on normal commercial terms.

This agreement is for a term of 3 years ending on December 31, 2013. Either party may terminate the master agreement upon giving the other party 3 months' written notice.

Pricing policy: The products to be provided under this agreement will be based on the following pricing policy:

(1) government-prescribed price (including any price prescribed by any relevant local government, if applicable);

(2) where there is no government-prescribed price but there is a government-guidance price, then the government-guidance price;

(3) where there is neither a government-prescribed price nor a government-guidance price, the market price, which is defined as the price at which the same type of products and/or services are provided by the Independent Third Parties in the ordinary course of business; or

(4) where none of the above is applicable or where it is not practical to apply the above pricing policies, then the price agreed between the relevant parties shall be based on arm's length negotiation and shall be the reasonable costs incurred in providing the products plus reasonable profits.

The above pricing mechanism is hereinafter referred to as the "**Applicable Standard Products Pricing Policy**".

The services to be provided under this agreement will be based on the following pricing policy:

(1) the bidding price where the bidding process is required; or

(2) where no bidding process is involved, the market price.

The above pricing mechanism is hereinafter referred to as the "**Applicable Standard Services Pricing Policy**".

The Group would be accorded priority by the Guodian Group and its subsidiaries (other than the Group) in the provision of the relevant products and services, provided that the terms and conditions offered by Independent Third Parties to the Guodian Group and its subsidiaries (other than the Group) are no more favorable than those offered by the Group for the same products or services, and in return, under the same terms and conditions, the Group has undertaken to the Guodian Group and its subsidiaries (other than the Group) that it shall not provide products and services which are less favorable than those offered by the Group to Independent Third Parties.

Historical transaction value: For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the total value of products and services provided by the Group to the Guodian Group and its subsidiaries (other than the Group) amounted to approximately RMB1,558.0 million, RMB2,901.0 million, RMB5,864.0 million and RMB3,993.0 million.

Annual Caps: Based on the historical transaction values and on the assumptions of the continuing growth in the Group's business and demand for our products and services, it is estimated that the annual amount payable by the Guodian Group and its subsidiaries (other than the Group) to the Group in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB11,354 million, RMB14,153 million and RMB18,200 million respectively. Accordingly, the master agreement shall be subject to the aforesaid caps.

We consider the relationships with the Guodian Group and its subsidiaries (other than the Group) important. The Guodian Group and its other subsidiaries have been important clients for the Group: the Guodian Group is one of the five largest power companies in China; and two of its subsidiaries, GD Power and Longyuang Power, are listed companies and leaders in the coal-fired power industry and the wind power industry, respectively. These blue-chip clients have been growing rapidly. With the development of these clients, we have the potential to grow with them. Given these facts, our Directors believe that the amounts of the Group's connected transactions may continue to grow in the near future.

Basis for the Calculation of Annual Caps:

We set out below a table that provides (i) our historical connected transaction amounts for 2008, 2009 and 2010 and for the six months ended June 30, 2011, respectively, and (ii) our annual caps for our provision of products and services to the Guodian Group and its subsidiaries (other than our Group) for 2011, 2012 and 2013, respectively, together with breakdown figures and bases for these annual caps.

Bases and assumptions contained herein are best estimates made by the Group as of the Latest Practicable Date. The Group's consolidated financial information in connection with the Track Record Period has been used as the base and starting position for these estimates. Information presented herein contains forward-looking statements, See "Risk Factors—Forward-looking information in this prospectus may prove inaccurate."

Business Lines	**Historical Figures**				**Proposed Annual Caps**			**Basis of Caps**
	Year ended December 31,			**Six months ended June 30,**	**Year ending December 31,**			
	2008	**2009**	**2010**	**2011**	**2011**	**2012**	**2013**	
	(RMB millions)				*(RMB millions)*			
Environmental Protection	1,340.0	1,356.0	1,670.0	1,192.0	2,450.0	4,000.0	4,700.0	In our environmental protection business, our Directors believe the proposed annual caps are in-line with our growth because: (i) the business has grown steadily during the Track Record Period; (ii) we anticipate a surge in environmental protection business in light of the recently instituted revised Emission Standard of Air Pollutants for Thermal Power Plants, which imposes a stricter set of environmental protection standard applicable to coal-fired power plants in most regions in China, please refer to "Business—Environmental Protection and Energy Conservation Solutions" in this prospectus for more details; (iii) we have commenced to provide the desulfurization services through the concession business model; this line of business will remain a high growth trend in light of the PRC Government's policy; and (iv) our pipeline of projects remain to be strong.
Energy Conservation Services	186.0	259.0	472.0	211.0	534.0	853.0	1,200.0	In our energy conservation business, our Directors believe the proposed annual caps are in-line with our growth because: (i) the business has had rapid growth during the Track Record Period; we anticipate that such a trend will continue; (ii) waste heat recovery business has allowed us to tap into a rapidly growing market and (iii) energy conservation has been promoted by the PRC Government and its policies.
Wind Power Products and Services	32.0	1,284.0	3,687.0	2,122.0	6,500.0	6,700.0	8,300.0	In our wind power product and services business, our Directors believe the proposed annual caps are in-line with our growth because: (i) the line of business has grown rapidly ever since we entered into this market at the beginning of the Track Record Period; we anticipate the growth to continue; and (ii) our customers have had rapid growth in their markets.

Business Lines	Historical Figures				Proposed Annual Caps			Basis of Caps
	Year ended December 31,			Six months ended June 30,	Year ending December 31,			
	2008	2009	2010	2011	2011	2012	2013	
	(RMB millions)				*(RMB millions)*			
Solar Power Products and Services	0.0	2.0	35.0	468.0	1,870.0	2,600.0	4,000.0	In our solar power products and services business, our Directors believe the proposed annual caps are in-line with our growth because: (i) our solar power business in particular, the solar EPC business, has grown rapidly ever since we entered into this market during the Track Record Period; and we anticipate that such a trend to continue; and (ii) the solar power industry has been a targeted industry for the Guodian Group in terms of the latter's development strategies.
Historical Totals and Proposed Annual Caps	1,558.0	2,901.0	5,864.0	3,993.0	11,354.0	14,153.0	18,200.0	

During the ten months ended October 31, 2011, our revenue generated from providing products and services to the Guodian Group and its subsidiaries (other than the Group) was approximately RMB8.0 billion, representing over 70% of the RMB11,354.0 million proposed annual cap for 2011. Given the seasonality of our business, we believe that our 2011 cap is achievable and reasonable.

The proposed caps for 2011, 2012 and 2013 have taken into consideration of future plans of the PRC Government, to the extent that they are relevant to our businesses. We understand that reports prepared by Frost & Sullivan and Garrad Hassan have also taken into account of PRC Government Plans. These caps have also taken into consideration of potential expenditures required in order to meet the capacity and personnel requirements for providing our products and services. In light of the market opportunities and demand, we have been refining our development plans in many of our business lines. See "Business—Strategies." Given the growth nature of our Company and our ability in integrating additional capacity and personnel in the past, we are well-suited to manage changes and expansions going forward.

The following table presents breakdown figures for our annual caps for 2011, 2012 and 2013 respectively. The item entitled "Approximate Annual Amount from the Guodian Group" contains figures that have been rounded up from estimated total amounts.

Environmental protection sub-segment

Business lines	2011	2012	2013
	(unless otherwise indicated, RMB millions)[(1)]		
Desulfurization EPC projects	608.3	490.0	375.1
Sales volume (MW)	6,486	5,225	4,000
Price (RMB/KW)	93.8	93.8	93.8
Denitrification EPC projects	552.6	1,297.9	1,291.9
Sales volume (MW)	4,940	11,604	11,550
Price (RMB/KW)	111.9	111.9	111.9
Desulfurization concession operation	902.7	1,609.7	2,121.7
Volume of services sold (GWh)	69,438	123,826	165,761
Tariff (RMB/kWh)	0.0128	0.0128	0.0128
Denitrification concession operation	—	95.0	225.1
Installed capacity (MW)	—	3,200	8,000
Average available hour (H)	—	4,950	4,950
Average auxiliary usage rate (%)	—	7.65%	7.65%
Tariff (RMB/kWh)	—	0.0068	0.0068
Denitrification catalysts	105.1	148.3	188.2
Sales volume (m^3)	3,750	5,200	6,600
Price (RMB/m^3)	28,020	28,520	28,520
Ash removal systems with filter bags (EPC and external sales of filter bags combined)	64.0	105.0	150.0
EPC	60.0	52.5	45.0
Sales volume (unit)	2	1.75	1.5
Average price (RMB thousand/unit)	30,000	30,000	30,000
Filter bag	4.0	52.5	105.0
Sales volume (m^2)	50,000	656,250	1,312,500
Average price (RMB thousand/m^2)	0.08	0.08	0.08
Water treatment for power plants	140.4	113.7	112.0
Sales volume (10 thousand ton/day)	9	8	7
Other Connected Transaction Amount[(2)]	75.7	97.0	121.7
Approximate Annual Amount from the Guodian Group	**2,450.0**	**4,000.0**	**4,700.0**

Notes:

(1) *All prices and tariffs in the table above are exclusive of the PRC VAT.*

(2) *Other connected transactions mainly include: dry type slag disposal, PVDF hollow ultra filtration fiber membrane, desulfurization equipment, waste incineration corollary equipment, municipal wastewater treatment projects, reclaimed water reuse services and industrial water treatment operations.*

The reduction of SO_2 and NOx emissions is one of the primary areas of focus in China's environmental protection efforts. In July 2011, the PRC Government issued the 12th Five-Year Plan for Development of Environmental Protection Technology and the Comprehensive Working Program for Energy Conservation and Emissions Reduction. The 12th Five-Year Plan and the Comprehensive Working Program aim to reduce SO_2 and NOx emissions in the country by 8% and 10%, respectively, by 2015 as compared to 2010. The 12th Five-Year Plan and the Comprehensive Working Program also set out specific targets for each province to enhance implementation of the SO_2 and NOx policies.

Further, in July 2011, the PRC Government promulgated the Emission Standard of Air Pollutants for Coal-fired Power Plants (《火電廠大氣污染物排放標準》) (the "Revised Emission Standard"), which is expected to become effective on January 1, 2012 (for new power plants) and July 1, 2014 (for existing power plants). Under the Revised Emission Standard, the emission standards for SO_2, NOx, fly ash and mercury have been tightened significantly. For example, pursuant to the Revised Emission Standard, the SO_2 emission standards have been tightened from emission amount not exceeding 400mg/m³ to not exceeding 100 mg/m³ (for new power plants) and 200mg/m³ (for existing power plants)[1], respectively. Similarly, the NOx emission standards are tightened from emission amount not exceeding 450mg/m³ to 100mg/m³. Further, the fly ash emission standards are tightened from emission amount not exceeding 50mg/m³ to 30mg/m³. We therefore believe that demand for our environmental protection products and services for coal-fired power plants is likely to grow explosively in the next few years.

The Guodian Group is one of the five largest power groups in the PRC; its installed capacity accounts for approximately 11% of the total installed capacity for coal-fired power generation in China. Companies under the Guodian Group have long been our important clients. The increase in demand of the coal-fired power plants within the Guodian Group for environmental protection products and services and our leading position in this industry are expected to lead to rapid increases in connected transactions in the future.

Desulfurization EPC: According to Frost & Sullivan, demand for desulfurization EPC projects in China will reach 71 GW, 75 GW and 78 GW for 2011, 2012 and 2013, respectively, representing significant increases as compared to 63 GW for 2010. The total forecasted demand for desulfurization EPC projects in 2011, 2012 and 2013 can be further broken down into two parts—flue gas desulfurization ("**FGD**") for existing power plants and FGD for newly built power plants. FGD for existing power plants is forecasted assuming that all the power plants that did not have FGD devices by 2010 would install FGD devices by 2014 as required by the Revised Emission Standard and by equal amount through 2011-2014. FGD for newly built power plants is forecasted to be equal to the annual installed capacity of coal-fired power plants in the corresponding period. The growth of our business is expected to be in line with the industry trend. See the section entitled "Industry Overview". Considering our current market share, our existing unexecuted contracts, our competitive advantages and the demand from the Guodian Group, we estimate that the annual amount from the Guodian Group for desulfurization projects would be approximately RMB608.3 million, RMB490.0 million and RMB375.1 million for 2011, 2012 and 2013, respectively. Our development strategy is to gradually change our business model from desulfurization EPC projects to desulfurization concession projects; the volume of our desulfurization EPC projects therefore is expected to decrease in 2011, 2012 and 2013.

Denitrification EPC: According to Frost & Sullivan, demand for denitrification EPC projects in China will reach 96 GW, 228 GW and 231 GW for 2011, 2012 and 2013,

[1] Exceptions are Guangxi, Sichuan, Chongqing and Guizhou, in which SO_2 emissions are restricted to 200mg/m³ (for new power plants) and 400 mg/m³ (for existing power plants) respectively.

respectively, representing significant increases as compared to 34 GW for 2010. According to Frost & Sullivan, the total forecasted demand for denitrification EPC projects in 2011, 2012 and 2013 can be further broken down into two parts—flue gas denitrification devices (mainly SCR) for existing power plants and SCR for newly built power plants. SCR for existing power plants is forecasted assuming that all the power plants that did not have SCR devices in 2010 will install SCR devices by 2014 as required by the Revised Emission Standard, with equal growth amounts through 2012-2014 except for 2011. Also, SCR volume for newly built power plants is forecasted to be equal to the annual installed capacity of coal-fired power plant in the corresponding period.

We believe we are well-positioned in the denitrification industry. We have accumulated significant experience. Prior to the formal issuance of the Revised Emission Standard, we already carried out our denitrification EPC business and are actively preparing for denitrification concession projects—and as a result, have gained valuable experience in this area. In the low NOx burner business, we are expected to focus on the development of the low NOx combustion system technology to increase the efficiency of reducing NOx concentration—its usage with denitrification catalyst effectively supplement each other. As one of the very few companies in the PRC capable of providing NOx emissions reduction services utilizing technologies in both combustion and post-combustion stages as well as the capacity of producing the catalyst used in SCR, we can leverage our technical advantage to win EPC contracts both from the Guodian Group and from other independent third parties. Considering our current market share, our track record, technology and other competitive advantages, our development strategy and the demand from the Guodian Group, we estimate that the annual amount from the Guodian Group for denitrification EPC projects would be approximately RMB552.6 million, RMB1,297.9 million and RMB1,291.9 million for 2011, 2012 and 2013, respectively.

Desulfurization concession: According to Frost & Sullivan, the accumulated installed capacity for desulfurization concession projects in China will be 61 GW, 90 GW and 125 GW for 2011, 2012 and 2013, respectively. The total forecasted annual capacity of desulfurization concession in 2011-2015 is estimated by Frost & Sullivan through its interview with main desulfurization concession players. The estimates also assume that the accumulated installed capacity for desulfurization concession projects in China will be approximately 22% of the total installed capacity of coal-fired power plants with FGD devices, which is also consistent with Joint Sponsors' understanding from other public available sources. See the section headed "Industry Overview".

We intend to further develop our desulfurization concession business. We believe our historical operational experience as well as financial strength would help us to land concession projects in the future. Furthermore, our knowledge of the management and operation of power plants gives us a leading edge. In addition, we will continue to use advanced FGD technologies which produce valuable by-products to enhance profitability of our projects. Since concession projects are capital intensive as compared with EPC projects, we have already allocated capital expenditure for further development of our concession business. As a result, we estimate that our installed capacity for desulfurization concession projects would be 15 GW, 29 GW and 40 GW by the end of 2011, 2012 and 2013 respectively, and the annual amount from the Guodian Group for desulfurization concession business would be approximately RMB902.7 million, RMB1,609.7 million, and RMB2,121.7 million for 2011, 2012 and 2013 respectively.

Denitrification concession: Although we do not have a large number of denitrification concession projects in 2011, we expect that the feed-in tariffs for denitrification concession projects would be launched in 2012. As a result, we have been preparing to penetrate the denitrification concession market before the release of the relevant industry policy (in particular the feed-in tariffs). We have actively been locating projects within the Guodian Group to prepare ourselves to acquire the existing denitrification concession projects and to service new power plants once the policy is in place. Furthermore, we intend to take advantage of our combining Low-NOx combustion methods with SCR or SNCR, which we believe could substantially lower the denitrification costs of the power plants and to enable us to increase our business scope and further gain market shares from other independent parties. As a result, we estimate that our installed capacity of denitrification concession projects would be 3,200 MW and 8,000 MW by 2012 and 2013 respectively; and the annual amount from the Guodian Group would be approximately RMB95.0 million and RMB225.1 million, respectively.

Denitrification catalyst: The demand for denitrification catalyst is expected to grow significantly following the transformation of the coal-fired power plants in China. We have production facility for denitrification catalysts located at our subsidiary Jiangsu Longyuan Catalyst Co., Ltd. in Jiangsu Province. We currently have an annual catalyst production capacity of 8,000m^3. According to our production plan, we estimate that the production capacity of denitrification catalyst would reach 15,000m^3 to 20,000m^3 by the end of 2012; and the annual amount from the Guodian Group would be approximately RMB105.1 million, RMB148.3 million and RMB188.2 million for 2011, 2012 and 2013, respectively.

Ash removal systems with filter bags: According to the Revised Emission Standard, the permitted maximum fly ash emissions is tightened from 50mg/Nm^3 to 30mg/m^3. As the emission standard becomes stricter, the application of ash removal systems with filter bags is expected to be increased. The installation of ash removal systems with filter bags in large-scale power plants has grown rapidly, and typically the emission can be restricted to below 20mg/m^3. According to the research report[2], in 2011 the installation rate of ash removal systems with filter bags in the coal-fired industry is only 10%. Based on the 12th Five-Year Plan which requires that the installation rate of ash removal systems with filter bags reach 50%, it is estimated that demand for ash removal systems with filter bags from coal-fired industry would reach approximately RMB15 billion. Further, the iron and steel, the non-ferrous and the cement industries also have significant demand for ash removal system with filter bags. It is estimated that the demand for filter bags in 2010 – 2015 will exceed RMB20 billion, with an average increase of RMB4 billion per year. Based on our client base in the power industry, and technology capability in filter bag, we estimate that the annual amount from the Guodian Group would be approximately RMB64.0 million, RMB105.0 million and RMB150.0 million for 2011, 2012 and 2013 respectively. In addition, our production base for filter bags commenced production in July 2011. Our current production capacity is 1.5 million square meters; it is anticipated the production capacity will be increased to 3 million square meters by the end of 2012. It is anticipated that while approximately 50% of our filter bags will be used in our own ash removal EPC services, and the rest will be sold externally.

2 Forecast and policy analysis on China environmental protection industry in the 12th Five-year Plan, China Environmental Protection Industry, by Chinese Academy for Environmental Planning, August 2010.

Energy conservation sub-segment

Business lines	2011	2012	2013
	(unless otherwise indicated, RMB millions)		
Plasma Ignition	180.7	284.1	364.6
Sales volume (unit)	48	69	83
Average price (RMB thousand/unit)	3,800	4,100	4,400
Steam turbine flow passage retrofitting	54.3	67.5	86.1
Waste heat recovery businesses	298.1	501.3	709.0
EMC	—	—	—
Approximate Annual Amount from Guodian Group	**534.0**	**853.0**	**1,200.0**

Plasma ignition and waste heat recovery: These two business lines are operated by our subsidiary Longyuan Technology, which is listed on the Shenzhen Stock Exchange.

The PRC Government encourages the use of the plasma ignition combustion stabilization ("**PICS**") system as one of its energy conservation and pollution reduction measures for the coal-fired power industry in China, which has resulted in rapid growth in the PICS system manufacturing industry. See the section headed "Industry Overview".

As a market leader in the plasma ignition business, we expect to leverage our competitive strengths in the PICS system business and to focus on the development of the plasma oil-free coal-fired power plant system. We expect that an increase in using plasma oil-free coal-fired power plant system because the system offers significant cost-savings benefits for power plants and reduces safety hazards.

The plasma ignition business has strong seasonality. The plasma ignition equipment is mainly used in newly built power plants; and revenue is recognized when the construction of newly built power plants is completed. Construction of power plants is typically completed in the fourth quarter of each year, as a result, revenue of our plasma ignition business is typically recognized in the fourth quarter. Based on the sales orders we received as of the Latest Practicable Date, we expect to realize approximately RMB180.7 million in revenue from the Guodian Group for 2011.

In addition, although our revenue generated from this business has decreased in 2010 as compared with 2009, it is estimated that in 2012 and 2013, revenues generated from this business line would increase. Growth drivers include, firstly, our sales of plasma ignition products in the past few years would stimulate demand for components of plasma ignition products. For example, the inflamer, a component, needs to be replaced every four years; and the cathode and anode of the plasma generator are also delicate components which need to be replaced frequently. Secondly, the PRC Government policies in relation to coal-fired power industry encourage development of large-scale power plants and discourage development of small-scale ones; going forward, therefore, business for units of a capacity of 1,000 MW or more is expected to grow. Price of the plasma ignition devices for units of a capacity of 1,000 MW is expected to be 80% higher than that for units with a capacity of 600 MW or below. In terms of production capacity, as our plasma ignition business is mainly conducted through outsourcing; our actual production capacity is not limited by our own production capacity.

In the waste heat recovery business, the use of the waste heat recovery device allows power plants to utilize excess heat which would otherwise be wasted. The cost-saving potential of this business contributes to its market potential. We intend to expand this business, which we believe would be one of the important factors contributing to our overall growth.

According to a research report issued by a PRC brokerage firm in July 2011, currently a large portion of low temperature circulate cooling water in power plants is discharged directly. If the waste heat utilization system is used, it is estimated that approximately 70,000 tons of standard coal will be saved annually, and the cost recovery period is between five to six years. Since the economic benefit is prominent, there is a high probability that the waste heat utilization system would be used widely in China. The current installed coal-fired power plants in China is over 630GW; if the waste heat recovery system is used by half of the coal-fired power plants, the market size would be approximately RMB40 billion.

We entered into three contracts for our waste heat recovery business in the second half of 2011 with an aggregate contract amount at approximately RMB232.2 million. These projects are expected to be completed in 2011. Also, we are negotiating with other power plants under the Guodian Group on potential projects, and expect to enter into additional contracts with companies under the Guodian Group in the future given Government policy and the Guodian Group's demand for energy conservation and recycling products and services. As to the decreasing trend in this business demonstrated in the "Financial Information" section of this prospectus, it was because historically, the revenue included both revenue from our waste heat recovery business and revenue from our energy saving construction business. The decreases in revenue reflected the decreases in our energy saving construction activities during the Track Record Period.

In light of our historical transaction amounts, existing unexecuted contracts, industry developments and market research analysts' average revenue forecast for Longyuan Technology, we estimate that the annual amount from the Guodian Group for plasma ignition business would be approximately RMB180.7 million, RMB284.1 million and RMB364.6 million for 2011, 2012 and 2013, respectively; and the annual amount from the Guodian Group for waste heat recovery business would be approximately RMB298.1 million, RMB501.3 million and RMB709.0 million for 2011, 2012 and 2013, respectively.

Steam turbine flow passage retrofitting: According to Frost & Sullivan, the market production scale of steam turbine flow passage retrofitting in the PRC will be RMB0.15 billion, RMB0.25 billion and RMB0.41 billion for 2011, 2012 and 2013, respectively. See the section headed "Industry Overview" of this prospectus. Given our historical transaction amounts and competitive advantage, we estimate that the annual amount from the Guodian Group would be approximately RMB54.3 million, RMB67.5 million and RMB86.1 million for 2011, 2012 and 2013, respectively.

Wind power products and services sub-segment

Business lines	2011	2012	2013
	(unless otherwise indicated, RMB millions)		
Wind power products	6,418.0	6,419.4	7,699.7
Sales volume (unit)			
1.5 MW	1,095	984	825
2.0 MW	—	207	414
3.0 MW	6	72	92
6.0 MW	—	—	23
Price (RMB/KW)			
1.5 MW	3,400	3,000	3,000
2.0 MW	—	3,000	3,000
3.0 MW	4,230	3,433	3,264
6.0 MW	—	—	4,373
Wind power services	15.0	221.1	552.0
Approximate Annual Amount from Guodian Group	**6,500.0**	**6,700.0**	**8,300.0**

Wind power products: According to Garrad Hassan, the annual installed capacity of wind power in China will be approximately 15 GW on average between 2011 and 2013. See the section headed "Industry Overview" of this prospectus. The Guodian Group is the largest wind power operator in Asia and the second largest wind power operator globally. It is estimated that the wind power business of the Guodian Group would increase at a rate of 3.5 to 4 GW of newly installed capacity every year in 2011 and beyond. According to Garrad Hassan, United Power became the fourth largest PRC WTG producer in 2010. Given our growth in the WTG sub-segment during 2011, we anticipate that by the end of 2011, United Power would become the third largest WTG producer in China. It is also estimated that China's newly installed capacity would be 15 GW in 2011, and our sales in 2011 would reach 2.9 GW. In addition, competition is expected to inspire consolidations in the WTG industry; small and medium sized WTG manufacturers which are not competitive may have to gradually withdraw from the market or be consolidated. This would also help United Power further increase its market share. As of September 30, 2011, our total actual production capacity was 2,500 units of WTG, or 3.75 GW. Upon completion of construction of our new production facility in Changchun with a designed capacity of 400 units, which is expected to occur in 2012, we anticipate that the total actual production capacity would increase to more than 2,900 units, or 4.35 GW. We estimate that the annual amount from the Guodian Group would be approximately RMB6.4 billion, RMB6.4 billion and RMB7.7 billion in 2011, 2012 and 2013, respectively. Since the actual production capacity is typically larger than the designed production capacity, and part of the sales volume of the current year consists of the inventory of an earlier year, we anticipate that we would have ample production capacity, irrespective of the estimated production capacity, to reach the targeted sales volume in 2013.

Wind power service: Given the increase WTGs in service and the expiration of warranty periods of many of these WTGs, we estimate that the annual amount from the Guodian Group for wind power service would increase to approximately RMB15.0 million, RMB221.1 million and RMB552.0 million for 2011, 2012 and 2013, respectively.

Historical connected sales in wind power sub-segment were relatively small due to the fact that the business was at its initial stage with a relatively small scale.

Solar power products and services sub-segment

Business lines	2011	2012	2013
	(unless otherwise indicated, RMB millions)		
Modules	241.4	403.8	653.9
Sales volume of connected transactions (MW)	27	57	91
Price (RMB/KW)	9,009	7,121	7,158
Photovoltaic power plant EPC projects	1,627.8	2,161.3	3,339.6
Sales volume of connected transactions (MW)	119	175	276
Price (RMB/KW)	13,639	12,350	12,100
Approximate Annual Amount from Guodian Group	**1,870.0**	**2,600.0**	**4,000.0**

With the promulgation of the *Notice on Improvement to the Feed-in Tariff Policy On-grid Solar Photovoltaic Power Generation*, the PV development projects have increased significantly in recent years. It is expected that the actual installation capacity of the PRC PV market in 2011 would exceed 1.6 GW, representing a 230% increase comparing to 2010. It is estimated that the newly installed capacity of PV in China during 2011-2015 would exceed 10 GW[3]. According to the Guodian Group's PV Development Plan, its newly installed PV capacity during 12^{th} Five Year Plan would be 2 GW, which grows 400 MW annually on average.

Sale of PV modules: Our current production capacity for our PV modules is approximately 400 MW. GD Solar has a good performance record of provision of crystalline silicon modules. According to Solarbuz, the volume of PV modules provided by GD Solar ranked the third in China. With our improved production utilization rates, we estimate that the annual amount from the Guodian Group would be approximately RMB241.4 million, RMB403.8 million and RMB653.9 million for 2011, 2012 and 2013, respectively.

PV power plant EPC projects: According to the Guodian Group's PV Development Plan, and our production capacity plan and development strategy, we estimate that the annual amount from the Guodian Group would be approximately RMB1,627.8 million, RMB2,161.3 million and RMB3,339.6 million for 2011, 2012 and 2013, respectively.

Historical connected sales in solar power sub-segment were relatively small due to the fact that the business was at its initial stage with a relatively small scale.

5. Provision of products and services by the Guodian Group and its subsidiaries (other than the Group) to the Group

Parties: The Company and the Guodian Group

Material terms: We entered into a master agreement on the mutual supply of products and services with the Guodian Group on November 23, 2011. Please refer to the disclosures under "4. Provision of products and services by the Group to the Guodian Group and its subsidiaries (other than the Group)" under the sub-section headed "Non-exempt Continuing Connected Transactions" of this section for the material terms of this master agreement.

3 Marketbuzz 2011 estimates cumulative installed capacity during 2011-2015 to be more than 10GW in a "green energy" (i.e. neutral) scenario without taking into consideration of the new solar feed-in tariff policy.

Goods and services to be provided by the Guodian Group and its subsidiaries (other than the Group) to the Group include: SO_2 emissions reduction equipment, NOx emissions reduction equipment and water supply, electricity supply, gas supply and consulting services.

Pricing policy: Please refer to the disclosures under "4. Provision of products and services by the Group to the Guodian Group and its subsidiaries (other than the Group)" under the sub-section headed "Non-exempt Continuing Connected Transactions" of this section for the pricing policy of this master agreement.

Historical transaction value: For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the total value of products and services provided by the Guodian Group and its subsidiaries (other than the Group) to the Group amounted to approximately RMB249.1 million, RMB40.3 million, RMB705.7 million and RMB564.5 million respectively. The purchases from the Guodian Group and its subsidiaries (other than the Group) represented approximately 7.5%, 0.9%, 7.7% and 9.9% of our consolidated costs of goods sold during 2008, 2009 and 2010 and the six months ended June 30, 2011.

Annual Caps: To cope with the expansion of our desulfurization concession business, we need to purchase more desulfurization equipment from the Guodian Group and its subsidiaries (other than the Group). It is estimated that the total annual installed capacity of the desulfurization equipment we demand for in 2011, 2012 and 2013 would be 4.2GW, 10GW and 12.6GW, respectively.

Breakdown of our estimated purchase price and the rationale thereunder is set out as follows:

Business lines	2011	2012	2013
	(unless otherwise indicated, RMB millions)		
Purchase of desulfurization equipment			
Installed capacity (MW)	4,173	10,060	12,574
Purchase price	697.9	1,790.2	2,237.5
Other products and services	78.0	200.0	250.0
Total purchase price	**775.9**	**1,990.2**	**2,487.5**
Annual cap	**780.0**	**2,000.0**	**2,500.0**

Based on the historical transaction values and the continuing growth of the Group's businesses, we anticipate that the revenue generated by the Group for provision of desulfurization services, in addition to other products and services, will increase substantially in 2011, 2012 and 2013. Consistent with the increase of these services, the Group will need to purchase an increased number of desulfurization equipment from the Guodian Group and its subsidiaries (other than the Group). It is therefore estimated that the annual amount payable by the Company to the Guodian Group and its subsidiaries (other than the Group) in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB780.0 million, RMB2,000.0 million and RMB2,500.0 million respectively. We have based our estimates on factors such as our business plan, the progress of the construction of relevant desulfurization devices, and the progress of negotiation between our Company and the relevant power plants. Accordingly, the master agreement shall be subject to the aforesaid caps.

6. Provision of products to United Power and its subsidiaries by the Group

Parties: the Company and United Power

Material terms: We entered into a master agreement in good faith and at arm's length on November 23, 2011 with United Power for provision of products to United Power and its subsidiaries by our Group. Pursuant to this agreement, the products to be provided to United Power and its subsidiaries by our Group are parts and components of WTGs.

Subsidiaries of both parties will enter into separate agreements which shall set out the terms and conditions of providing such products according to the principles laid down by this master agreement and otherwise on normal commercial terms.

This agreement is for a term of 3 years ending on December 31, 2013. Either party may terminate the master agreement upon giving the other party 3 months' written notice.

Pricing policy: The products to be provided under this agreement will be based on the Applicable Standard Products Pricing Policy.

Historical transaction value: We mainly provide WTG control system to United Power and its subsidiaries in the past. There was no transaction between us and United Power for 2008. For the years ended December 31, 2009 and 2010 and the six months ended June 30, 2011, the total value of products provided to United Power and its subsidiaries by our Group amounted to approximately RMB31.1 million, RMB319.8 million and RMB186.2 million respectively.

Annual Caps: We mainly provide WTG control system to United Power, and the demand in such WTG control system will increase substantially with the anticipated fast expansion of the business of United Power. Based on the historical transaction values and the scale and speed of the expansion of the business of United Power, it is estimated that the annual amount payable to our Group in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB778.0 million, RMB1,136 million and RMB1,313.0 million respectively. Accordingly, the master agreement shall be subject to the aforesaid caps.

The result of the transactions between United Power and its subsidiaries and the Group will be eliminated in consolidation because United Power is our Connected Person as well as our subsidiary.

B. Continuing connected transactions exempt from the independent shareholders' approval requirement ("Group II Non-exempt CCT")

The following transactions are or will be made on normal commercial terms where, as the Directors currently expect, each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will either be less than 5% on an annual basis, or be less than 25% on an annual basis and the annual consideration is less than HK$10,000,000. By virtue of Rule 14A.34 of the Listing Rules, each of such transactions will be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

7. Provision of products and services to the Group by the 11th Institute

Parties: The Company and the 11th Institute

Material terms: We entered into a master agreement in good faith and at arm's length on the supply of products and services with the 11th Institute on November 23, 2011. Pursuant to this master agreement, the products to be supplied to the Group include solar power equipment and spare parts, and the services to be supplied to the Group include engineer design, agency services to purchase certain accessory equipment and construction of facility system in relation to our solar power services.

If the terms and conditions of similar products and services offered by an Independent Third Party are no better than those offered by one party, the other party shall give priority in sourcing the requisite materials, products and services from the first party.

Relevant subsidiaries of both parties will enter into separate agreements which shall set out the specific scope of services, products, terms and conditions of providing such services and products according to the principles laid down by the agreement and otherwise on normal commercial terms.

The agreement is for a term of three years ending on December 31, 2013. Either party may terminate the agreement upon giving the other party 3 months' written notice.

Pricing policy: The products to be provided under this agreement will be based on the Applicable Standard Products Pricing Policy.

The services to be provided under this agreement will be based on the Applicable Standard Services Pricing Policy.

Historical transaction value: We mainly purchase engineer design, agency services to purchase certain accessory equipment and construction of facility system from the 11th Institute in the past. There was no transaction between us and the 11th Institute for 2008 and 2009. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total value of services provided by the 11th Institute to us amounted to approximately RMB265.4 million and RMB196.9 million respectively.

Annual Caps: Based on the historical transaction values and on the assumptions the continuing requirement of the services from the 11th Institute, it is estimated that the annual amount payable by us to the 11th Institute in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB320.0 million, RMB180.0 million and RMB 200.0 million respectively. Accordingly, the master agreement shall be subject to the aforesaid caps.

8. Provision of products by the Group to the 11th Institute

Parties: The Company and the 11th Institute

Material terms: We entered into a master agreement in good faith and at arm's length on the supply of products and services with the 11th Institute on November 23, 2011. The products provided by us to the 11th Institute are equipment and spare parts. Please refer to the disclosures under "7. Provision of products and services to the Group by the 11th Institute" under the sub-section headed "Non-exempt Continuing Connected Transactions" of this section for the material terms of this master agreement.

Pricing policy: Please refer to the disclosures under "7. Provision of products and services to the Group by the 11th Institute" under the sub-section headed "Non-exempt Continuing Connected Transactions" of this section for the pricing policy of this master agreement.

Historical transaction value: We mainly provided equipment and spare parts to the 11th Institute in the past. There was no transaction between us and the 11th Institute for 2008 and 2009. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total value of products provided by us to the 11th Institute amounted to approximately RMB 14.0 million and RMB 24.0 million, respectively.

Annual Caps: Based on the historical transaction values and on the assumptions of the continuing growth in the Group's business and demand for the products by the 11th Institute, it is estimated that the annual amount receivable by us from the 11th Institute in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB100.0 million, RMB100.0 million and RMB100.0 million respectively. Accordingly, the master agreement shall be subject to the aforesaid caps.

9. Properties Leasing Agreement

Parties: the Company (as lessor) and United Power (as lessee).

Material terms: We entered into a master leasing agreement with United Power on November 23, 2011, pursuant to which, we agreed to lease land and buildings to United Power and its subsidiaries as offices, production facilities, workshops and staff quarters.

The master leasing agreement has been entered into in good faith and negotiated between the parties at arm's length.

United Power and its subsidiaries are not entitled to sub-lease or transfer any of the leases to another party without prior written consent from us.

This agreement is for a term of 3 years ending on December 31, 2013, and is subject to compliance with the requirements of the Listing Rules by us, renewable upon mutual agreement of the parties.

During the term of the leases for the properties, the parties to each lease will bear their own taxes in accordance with the applicable laws and regulations.

United Power have warranted that it and its subsidiaries will pay the rents specified for each of the properties in a timely manner and that United Power and its subsidiaries shall use the properties in accordance with the leases and not do or allow any damage to the value of the properties.

The rights and obligations of the parties under the master leasing agreement are not transferable.

Pricing policy: The rent for each of the leases has been determined for the three-year period with reference to comparable properties in similar locations as specified in each of the leases and (where applicable) will be adjusted in accordance with the terms of the lease by mutual agreement or by the appointment of an independent valuer acceptable to both parties. However, any such increment in rent has to be reasonable and no higher than the rent that would otherwise be payable by an Independent Third Party paying market rent for similar properties.

Historical transaction value: United Power did not rent any property from us until 2011. For the six months ended June 30, 2011, the total rent was approximately RMB10.3 million (in respect of land and buildings of a total area of approximately 6,435.54 sq.m).

Annual Caps: It is estimated that the annual amount payable by United Power to the Company in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB 25.0 million, RMB 30.0 million and RMB 30.0 million respectively.

The result of the transactions between United Power and its subsidiaries and the Group will be eliminated in consolidation because United Power is our Connected Person as well as our subsidiary.

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has confirmed that the rents under the relevant tenancy agreements are fair and reasonable and are consistent with prevailing market rent for similar premises.

In arriving at the above annual caps, the Directors have considered the terms of the currently valid leases and the property market conditions in the PRC going forward.

10. Provision of products and services to the Group by Full Dimension

Parties: The Company and Full Dimension

Material terms: We entered into a master agreement in good faith and at arm's length on November 23, 2011 with Full Dimension for provision of products and services by Full Dimension to us. Pursuant to this master agreement, the products to be provided to the Group include equipment for improvement of the circulation function of the steam turbine, all necessary spare parts and technical materials as required for performing the improvement. The services to be provided by Full Dimension to the Group include design, testing, installation, adjusting, examination and acceptance, technical guidance, technical assistances and training in relation to the improvement of the circulation function of the steam turbine.

The agreement is for a term of three years ending December 31, 2013. Either party may terminate the agreement upon giving the other party 3 months' written notice.

Pricing policy: The products to be provided under the agreement will be based on the Applicable Standard Products Pricing Policy.

The services to be provided under this agreement will be based on the Applicable Standard Services Pricing Policy.

Historical transaction value: There was no transaction between us and Full Dimension for 2008. For the years ended December 31, 2009, 2010 and the six months ended June 30, 2011, the total value of products and services provided by Full Dimension to us amounted to approximately RMB 31.0 million, RMB 130.0 million and RMB 63.0 million respectively.

Annual Caps: Based on the historical transaction values and on the assumptions of the continuing growth in the Group's business and requirement of the products and services from Full Dimension, it is estimated that the annual amount payable by the Group to Full Dimension in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB 151.0 million, RMB 8.0 million and RMB 8.0 million respectively. Accordingly, the master agreement shall be subject to the aforesaid caps.

11. Provision of products and services by Longyuan Technology and its subsidiaries to the Group

Parties: The Company and Longyuan Technology

Material terms: We entered into a master agreement in good faith and at arm's length on the supply of products and services with Longyuan Technology on November 23, 2011. Pursuant to this master agreement, the products and services to be provided to the Group by Longyuan Technology and its subsidiaries include plasma-assisted coal combustion equipment, and other products and services.

If the terms and conditions of similar products and services offered by an Independent Third Party are no better than those offered by Longyuan Technology and its subsidiaries, the Group shall give priority in sourcing the requisite products and services from the first party.

The Group and Longyuan Technology and its subsidiaries will enter into separate agreements which shall set out the specific scope of services, products, terms and conditions of providing such services and products according to the principles laid down by this master agreement, and otherwise on normal commercial terms.

This agreement is for a term of 3 years ending on December 31, 2013. Either party may terminate the master agreement upon giving the other party 3 months' written notice.

Pricing policy: The products to be provided under this agreement will be based on the Applicable Standard Products Pricing Policy.

The services to be provided under this agreement will be based on the Applicable Standard Services Pricing Policy.

Historical transaction value: There was no transaction between us and Longyuan Technology for 2008 and 2009. For the year ended December 31, 2010 and the six months ended June 30, 2011, the total value of products and services provided to the Group by Longyuan Technology and its subsidiaries amounted to approximately RMB 1.8 million and RMB 1.3 million respectively.

Annual Caps: Based on the historical transaction values and on the assumptions of the continuing growth in the Group's business and demand for the Longyuan Technology's products and services, it is estimated that the annual amount payable by the Group to Longyuan Technology and its subsidiaries in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB 16.0 million, RMB 4.0 million and RMB 3.0 million respectively. Accordingly, the master agreement shall be subject to the aforesaid caps.

The result of the transactions between Longyuan Technology and its subsidiaries and the Group will be eliminated in consolidation because Longyuan Technology is our Connected Person as well as our subsidiary.

12. Provision of products by Jiangsu Longyuan to the Group

Parties: The Company and Jiangsu Longyuan

Material terms: We entered into a master agreement in good faith and at arm's length on the supply of products with Jiangsu Longyuan on November 23, 2011.

Pursuant to this master agreement, the goods to be provided by Jiangsu Longyuan to the Group include SCR denitrification catalyst.

This agreement is for a term of 3 years ending on December 31, 2013. Either party may terminate the master agreement upon giving the other party 3 months' written notice.

Pricing policy: The products to be provided under this agreement will be based on the Applicable Standard Products Pricing Policy.

Historical transaction value: There was no transaction between us and Jiangsu Longyuan for 2008. For the years ended December 31, 2009 and 2010 and the six months ended June 30, 2011, the total value of products provided by Jiangsu Longyuan to the Group amounted to approximately RMB71.0 million, RMB49.0 million and RMB55.0 million respectively.

Annual Caps: Based on the historical transaction values and on the assumptions of the continuing growth in the Group's businesses and demand for the products from Jiangsu Longyuan, it is estimated that the annual amount payable by the Group to Jiangsu Longyuan in respect of the years ending December 31, 2011, 2012 and 2013 will be approximately RMB86.0 million, RMB100.0 million and RMB100.0 million respectively. Accordingly, the master agreement shall be subject to the aforesaid caps.

The result of the transactions between Jiangsu Longyuan and its subsidiaries and the Group will be eliminated in consolidation because Jiangsu Longyuan is our Connected Person as well as our subsidiary.

WAIVERS SOUGHT

The Directors (including the independent non-executive Directors) are of the view that the transactions set out in the sub-section headed "Exempt Continuing Connected Transactions" have been and will be entered into in the ordinary course of business of the

Group and on normal (or better than normal from the perspective of the Company) commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the transactions set out in the sub-section headed "Non-exempt Continuing Connected Transactions" have been and will be entered into in the ordinary and usual course of business of the Group, at arm's length basis and on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole. Having considered the historical transaction amounts, the estimated growth of the businesses of the Group and the general market condition of the industries where the Group operates in, the Directors (including the independent non-executive Directors) are of the view that the proposed annual caps for the Non-exempt Continuing Connected Transactions are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

By virtue of Rule 14A.34 of the Listing Rules, the Group II Non-exempt CCT will constitute continuing connected transactions for the Company exempt from the independent shareholders' approval requirement but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. By virtue of Rule 14A.35 of the Listing Rules, Group I Non-exempt CCT will constitute non-exempt continuing connected transactions for the Company subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the transactions under the Group I Non-exempt CCT and the Group II Non-exempt CCT are expected to continue on a recurring basis after the completion of the Global Offering, the Directors consider that it would be unduly burdensome, impracticable and would add significant and disproportionate administrative costs for the Company, to make disclosure of, or (where necessary) to obtain independent shareholders' approval for, each such transactions in compliance with the announcement and/or the independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

We have applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted us, waivers from strict compliance with the announcement and (where applicable) independent shareholders' approval requirements of the Listing Rules in respect of each of these transactions, subject to the following conditions:

(1) the aggregate value of each of these non-exempt continuing connected transactions for each relevant financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above; and

(2) we have agreed that we will comply with Rules 14A.35(1), 14A.35(2), 14A.36 to 14A.40 of the Listing Rules.

In the event that the terms of the above mentioned Group I Non-exempt CCT and Group II Non-exempt CCT are altered or the Group enters into any new transactions or agreements with any of its Connected Persons in the future, the Company will comply with the provisions of Chapter 14A of the Listing Rules unless it applies for and obtains a separate waiver from the Hong Kong Stock Exchange.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by the Company relating to the Company's continuing connected transactions described under the sub-heading "Non-exempt Continuing Connected Transactions" of the prospectus and have also conducted due diligence by discussion with the Company and its advisers and have obtained the necessary confirmation from the Company. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that these transactions are entered into in the ordinary and usual course of business of the Company, on normal commercial terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole, and that the proposed annual caps (where applicable) for these continuing connected transactions referred to above are fair and reasonable and in the interest of the Company and its Shareholders as a whole.