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## UNDERWRITING

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### **HONG KONG UNDERWRITERS**

#### **Joint Global Coordinators and Joint Lead Managers (in alphabetical order)**

China International Capital Corporation Hong Kong Securities Limited

UBS AG, Hong Kong Branch

#### **Joint Bookrunners**

China International Capital Corporation Hong Kong Securities Limited

UBS AG, Hong Kong Branch

The Royal Bank of Scotland N.V., Hong Kong Branch

#### **Co-Managers (in alphabetical order)**

ABCI Securities Company Limited

China Everbright Securities (HK) Limited

Cinda International Securities Limited

Guotai Junan Securities (Hong Kong) Limited

## **UNDERWRITING ARRANGEMENTS AND EXPENSES**

### **Hong Kong Public Offering**

#### ***Hong Kong Underwriting Agreement***

Pursuant to the Hong Kong Public Offering, we are offering the Hong Kong Public Offer Shares for subscription on, and subject to, the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional on and subject to the International Purchase Agreement having been signed, becoming unconditional and not having been terminated.

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### ***Grounds for Termination***

The Joint Bookrunners may (for themselves and on behalf of the other Hong Kong Underwriters) upon giving notice to the Company, jointly terminate the Hong Kong Underwriting Agreement if prior to 8:00 a.m. on the Listing Date if:

- (a) there develops, occurs, exists or comes into force:
  - (i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, Canada, the United Kingdom, any member of the European Union or Japan (each a “Relevant Jurisdiction”); or
  - (ii) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction; or
  - (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, riots, public disorder, economic sanction, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, large scale outbreak of diseases or epidemics, including, but not limited to, Severe Acute Respiratory Syndrome (“SARS”) and H1N1 or swine or avian influenza or such related/mutated forms of accident or interruption or delay in transportation) in or affecting any Relevant Jurisdiction; or
  - (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or
  - (v) (A) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or

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- (vi) any change or prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or
- (vii) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (viii) any litigation or claim being threatened or instigated against the Company or any of its subsidiaries; or
- (ix) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the chairman, chief executive officer or chief financial officer of the Company vacating his or her office; or
- (xi) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director,

and which, in any such case and in the sole opinion of the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters):

- (A) is or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company or its subsidiaries taken as a whole; or
  - (B) has or will have or is likely to have a material adverse effect on the success of the Global Offering, the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares and/or make it impracticable, inexpedient or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
  - (C) makes or will or is likely to make it impracticable, inexpedient or inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
- (b) there has come to the notice of the Joint Bookrunners or any of the Hong Kong Underwriters:
- (i) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was (when it was issued), has or is likely to become untrue, inaccurate, incorrect or misleading in any material respect; or

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- (ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed herein, constitutes a material omission therefrom; or
- (iii) any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement has become, is, (or might reasonably be expected to be when repeated), untrue, inaccurate, incorrect or misleading in any material respect; or
- (iv) a petition is presented for the winding-up or liquidation of our Company or any of our subsidiaries or our Company or any of our subsidiaries makes any composition or arrangement with our creditors or enters into a scheme of arrangement or any resolution is passed for our winding-up or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any of our subsidiaries or anything analogous thereto occurs in respect of our Company or any of our subsidiaries; or
- (v) any event, act or omission which gives or may give rise to any material liability of the Company or any other indemnifying party pursuant to the indemnities given by the Company or them under the Hong Kong Underwriting Agreement; or
- (vi) any material breach of any of the obligations of the Company or any other indemnifying party under the Hong Kong Underwriting Agreement; or
- (vii) any material adverse change or prospective material adverse change in the business, properties, results of operations, in the financial or trading position, conditions or prospects of the Company and its subsidiaries as a whole,

then the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole discretion and upon giving notice to the Company, jointly terminate the Hong Kong Underwriting Agreement with immediate effect.

### ***Undertakings to the Hong Kong Stock Exchange***

#### ***By Our Company***

We have undertaken to the Hong Kong Stock Exchange that we will not issue any further shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealing on the Hong Kong Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing), except for the circumstances set out in Rule 10.08 of the Listing Rules.

#### ***By Our Controlling Shareholders***

Pursuant to Rule 10.07 of the Listing Rules, Guodian Group and GD Power have undertaken to the Company and to the Hong Kong Stock Exchange that they shall not, and

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shall procure that the relevant registered holder(s) shall not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period commencing from the date by reference to which disclosure of their shareholdings is made in this prospectus and ending on the date which is six months from the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, directly or indirectly dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Domestic Shares in respect of which any of them is shown by this prospectus to be the beneficial owner; or
- (b) in the period of six months commencing on the date on which the period referred to in (a) above expires, dispose of, nor enter into any agreement to directly or indirectly dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Domestic Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of them would cease to be a Controlling Shareholder.

The Controlling Shareholders have further undertaken to the Company and the Hong Kong Stock Exchange that, within the period commencing from the date by reference to which disclosure of their shareholdings in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date:

- (a) when any of them pledges or charges any securities of the Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155, Laws of Hong Kong)), they will immediately inform us in writing of such pledge or charge together with the number of securities so pledged or charged; and
- (b) when any of them receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities in the Company beneficially owned by it will be disposed of, they will immediately inform us in writing of such indications.

### **Undertakings to the Hong Kong Underwriters**

#### *By Our Company*

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, we will not without the Joint Bookrunners' prior written consent (subject to the requirements set out in the Listing Rules):

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase,

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purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend, mortgage, assign or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally or repurchase, any of our share capital or any equity securities or any interest therein (including but not limited to any interest convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or securities or an interest therein); or

- (b) enter into any swap, derivative, lending, repurchase and mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our share capital or equity securities; or
- (c) enter into any transaction with the same economic effect as any transaction described in (a) and (b) above; or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in sub-paragraphs (a) to (d) above is to be settled by delivery of share capital or such other equity securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above, PROVIDED THAT the foregoing restrictions shall not apply to the issue of H Shares by our Company pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the issue of warrants of our Company by the Joint Bookrunners, and the Company further agrees that, in the event of an issue or disposal of any H Shares or any interest therein after the date falling six months from the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, it will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the H Shares.

Our Company has also agreed that for a period of six months after the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, it will not allot, issue, sell, or offer to allot, issue or sell, sell any option or otherwise transfer or dispose of, either directly or indirectly, any debt securities, bearing interest rates higher (or in the case of floating rate debt securities, interest rates for which may be higher) than the average of the then prevailing loan interest rates for the six-month RMB-denominated loans offered by the five largest PRC banks.

### *By Our Controlling Shareholders*

Each of our Controlling Shareholders, Guodian Group and GD Power, has undertaken to the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us that it will not, without the prior written consent of the Joint Bookrunners and unless in compliance with the Listing Rules:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in our H Shares commence on the Hong Kong Stock Exchange (the “First Six-month Period”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or equity securities of our Company in respect of which it is shown by this prospectus to be the beneficial

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owner (except for the transfer of the Domestic Shares to NSSF pursuant to the relevant PRC law and any conversions thereof into H Shares); and

- (b) during the period of six months commencing on the date on which the First Six-month Period expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities referred to in the immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company.

Each of Guodian Group and GD Power has further undertaken to the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us that, within the period commencing on the date by reference to which disclosure of the shareholdings of Guodian Group and GD Power is made in this prospectus and ending on the date which is 12 months after the date on which dealings in our H Shares commence on the Hong Kong Stock Exchange, it will:

- (a) when it pledges or charges any shares or other securities of our Company in respect of which it is the beneficial owner in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of any such pledges or charges and the number of shares or other securities of our Company so pledged or charged; and
- (b) when it receives any indication, either verbal or written, from any such pledgee or chargee of shares or other securities of our Company that such shares or other securities of our Company will be disposed of, immediately inform us of any such indication.

We will also, as soon as we have been informed of the above matters (if any) by Guodian Group or GD Power, inform the Joint Bookrunners and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

### **Indemnity**

The Company has agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the terms and conditions of the Hong Kong Underwriting Agreement.

### **Commission, Incentive Fee and Expenses**

Under the terms and conditions of the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive a gross underwriting commission of 2.45% of the Offer Price payable for the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such



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commission will be paid to the Joint Bookrunners and the relevant Underwriters (but not the Hong Kong Underwriters). We may also in our sole discretion pay the Joint Bookrunners an additional incentive fee of up to 0.75% of the Offer Price for each Offer Share.

The aggregate commissions and fees payable by us in relation to the Global Offering, together with Hong Kong Stock Exchange listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$248.21 million (assuming an Offer Price of HK\$2.29, which is the mid-point of our indicative offer price range, and assuming the Over-allotment Option is not exercised) in total.

### **The International Offering**

In connection with the International Offering, it is expected that we will enter into the International Purchase Agreement with the Joint Bookrunners and the International Underwriters. Under the International Purchase Agreement, the International Underwriters to be named therein would severally and not jointly, agree to procure subscribers for or purchasers for, or failing which to subscribe for or purchase themselves, their respective applicable proportions of the International Offer Shares initially being offered in the International Offering.

Under the International Purchase Agreement, we will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters during the 30-day period after the last day for lodging applications under the Hong Kong Public Offering to require us to issue up to an aggregate of 311,785,000 additional H Shares, representing approximately 15% of the aggregate number of the Offer Shares initially available under the Global Offering. These additional H Shares will be issued and sold at the Offer Price and will be for the purpose of, among other things, covering over-allocations in the International Offering, if any.

### **RESTRICTIONS ON THE OFFER SHARES**

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of Hong Kong (Chapter 571W of the Laws of Hong Kong) is made within seven days of the expiration of the stabilizing period.



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### STABILIZATION AND OVER-ALLOTMENT

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the newly issued securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, China International Capital Corporation Hong Kong Securities Limited as the stabilizing manager (the “Stabilizing Manager”) or any person acting for it, on behalf of the International Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate and/or effect any other transactions with a view to stabilizing or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail in the open market for a limited period from the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Such over-allocations and/or transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end on or before Friday, January 13, 2012, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering.

The Stabilizing Manager or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (i) purchase, or agree to purchase, any of the H Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares; and
- (ii) in connection with any action described in paragraph (i) above: (A)(1) over-allocate the H Shares, or
  - (A) sell or agree to sell the H Shares so as to establish a short position in them;
  - (B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the H Shares in order to close out any position established under paragraph (A) above;
  - (C) sell or agree to sell any of the H Shares acquired by it in the course of the stabilizing action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; or
  - (D) offer or attempt to do anything as described in paragraphs (ii)(A), (ii)(B) or (ii)(C) above.

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Specifically, prospective applications for and investors in the H Shares should note that:

- the Stabilizing Manager or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it may have an adverse impact on the market price of the H Shares;
- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering, after which an announcement will be made pursuant to section 9 of, and schedule 3 to, the Securities and Futures (Price Stabilizing) Rules of Hong Kong (Chapter 571W of the Laws of Hong Kong). After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of the H Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and
- stabilizing bids must be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of Hong Kong (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period.

### **INDEPENDENCE OF THE JOINT SPONSORS**

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

### **HONG KONG UNDERWRITERS' INTEREST IN OUR COMPANY**

Save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters is interested legally or beneficially in any shares of our Company or any other member of our Company or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in our Company or any other member of our Company in the Global Offering.