
CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We and the Joint Bookrunners have entered into cornerstone investment agreements with the following investors (the “Cornerstone Investors,” each a “Cornerstone Investor”), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) that may be purchased for an aggregate amount of US\$208.8 million (the “Cornerstone Placing”). Assuming an Offer Price of HK\$1.68 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of H Shares to be subscribed for by the Cornerstone Investors would be 964,550,000, representing approximately (i) 12.49% of the Shares in issue upon the completion of the Global Offering, assuming that the Over-allotment Option is fully exercised; or (ii) 12.86% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Pursuant to paragraph 4.2 of Practice Note 18 to the Listing Rules, the number of the Shares to be acquired by each of the Cornerstone Investors might be affected by the following reallocation of H Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering:

- (a) a clawback mechanism that increases the number of shares under the Hong Kong Public Offering to 30% of the Global Offering when the total demand for shares in the Hong Kong Public Offering is 15 times but less than 50 times of the offer shares initially available for subscription under the Hong Kong Public Offering;
- (b) a clawback mechanism that increases the number of shares under the Hong Kong Public Offering to 40% of the Global Offering when the total demand for shares in the Hong Kong Public Offering is 50 times but less than 100 times of the offer shares initially available for subscription under the Hong Kong Public Offering; and
- (c) a clawback mechanism that increases the number of shares under the Hong Kong Public Offering to 50% of the Global Offering when the total demand for shares in the Hong Kong Public Offering is 100 times or more of the offer shares initially available for subscription under the Hong Kong Public Offering.

If the total demand for shares in the Hong Kong Public Offering falls with the respective category of (a), (b) or (c) and the number of offer shares available in the Hong Kong Public Offering is less than 30%, 40% or 50% of the Global Offering, respectively, the number of Shares to be subscribed by the Cornerstone Investors may be deducted on a pro rata basis to satisfy the respective public demands under the Hong Kong Public Offering as stipulated under the Listing Rules.

Each of the Cornerstone Investors is an independent third party, is independent with each other, is not our connected person, and is not an existing shareholder of our Company. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around June 27, 2012.

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The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank pari passu in all respects with the other fully paid H Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective cornerstone investment agreements). Upon the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become our substantial shareholder.

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We and the Joint Bookrunners have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing. The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

Sinovel Wind Group Co., Ltd

Sinovel Wind Group Co., Ltd (“Sinovel”), one of our wind turbine suppliers, has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US\$58.80 million (calculated at the foreign exchange cross rates published by The Hongkong Shanghai Banking Corporation (“HSBC”) at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK\$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that Sinovel would subscribe for would be 271,628,000, representing (i) approximately 3.52% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 3.62% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Sinovel is the largest wind turbine manufacturer in China. In terms of accumulated installed capacity of the wind power equipment, Sinovel ranked first in China. It is the first wind turbine manufacturer in China that succeeded in localizing the large-scale production of 1.5 MW and 3 MW wind turbines. Sinovel supplied all the 34 units of 3 MW offshore wind turbines required by the Shanghai Donghai Bridge offshore wind power demonstration project, the first offshore wind power project in China. Sinovel is also the first one in China that succeeded in installing and operating 5 MW offshore generating units and in hoisting 6 MW offshore generating units. Sinovel has a well established presence across the world with its products sold to various countries in Asia, Europe and Americas.

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CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited

CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited (the “CSR ZELRI (HK)”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US\$50 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK\$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that CSR ZELRI (HK) would subscribe for would be 230,976,000, representing (i) approximately 2.99% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 3.08% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

CSR ZELRI (HK) was incorporated in Hong Kong and is a wholly-owned subsidiary of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd., a technology-leading company with very strong capability in independent research and development and innovation and as a subsidiary company solely held by China South Locomotive & Rolling Stock Corporation Limited (01766.HK).

Huaneng Renewables (Hong Kong) Limited

Huaneng Renewables (Hong Kong) Limited (“Huaneng HK”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US\$30 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK\$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that Huaneng HK would subscribe for would be 138,584,000, representing (i) approximately 1.79% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 1.85% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Huaneng HK is a limited liability company incorporated in Hong Kong, and is a wholly-owned subsidiary of Huaneng Renewables Corporation Limited (“Huaneng”). Huaneng HK serves as the overseas platform of Huaneng and primarily engages in equity investment in companies in wind power industry and related business. Huaneng is a company incorporated in the PRC whose H shares are listed on the Main Board of the Stock Exchange (00958.HK). Huaneng is a leading pure-play renewable energy company in the PRC with a primary focus on wind power generation.

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Shanxi Lu'An Mining Industry Group Co., Ltd.

Shanxi Lu'An Mining Industry Group Co., Ltd. ("Lu'An") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US\$30 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK\$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that Lu'An would subscribe for would be 138,584,000, representing (i) approximately 1.79% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 1.85% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Lu'An is one of the largest coal producers in Shanxi, with coal production of 77.18 million tonnes, revenue of RMB114 billion and profit of RMB4.53 billion in 2011, as well as total assets of RMB108 billion as of December 31, 2011. Lu'An is a new integrated green energy and chemical enterprise with coal, electricity, oil, chemicals and polysilicon industries, and also the national innovative pilot enterprise. Its subsidiary, Shanxi Lu'An Environmental Protection & Energy Development Co. Ltd, is a national high and new-tech enterprise in China's coal industry.

State Grid International Development Limited

State Grid International Development Limited ("SGID") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US\$30 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK\$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that SGID would subscribe for would be 138,584,000, representing (i) approximately 1.79% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 1.85% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

SGID is a wholly-owned subsidiary of the State Grid Corporation of China, the largest state-owned PRC grid company, primarily focuses on the construction and operation of grid network covering 26 provinces, autonomous regions and municipalities in China. SGID is a subsidiary of State Grid Corporation of China for developing its international businesses and engaging in international investments and other services.

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GE Pacific Private Limited

GE Pacific Private Limited (“GE”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US\$10 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK\$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that GE would subscribe for would be 46,194,000, representing (i) approximately 0.60% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 0.62% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

GE is a company incorporated in the Republic of Singapore and is an indirect wholly-owned subsidiary of General Electric Company, which is a multinational corporation with its shares listed on the New York Stock Exchange (NYSE: GE).

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (1) the underwriting agreement for the Hong Kong Public Offering and the underwriting agreement for the International Offering being entered into by, inter alia, the Company and the Joint Bookrunners and having become unconditional and not having been terminated by no later than the time and date as specified in those underwriting agreements in accordance with their respective original terms, or as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties;
- (2) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares and that such approval or permission having not been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (3) the respective representations, warranties, undertakings and acknowledgements of the Cornerstone Investors and the Company in the cornerstone investment agreements are and will be accurate and true in all material respects and not misleading as at the respective dates of these agreements and the Listing Date respectively and there being no material breach of these Agreements on the part of the Cornerstone Investor; and
- (4) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or herein and no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

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RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company and the Joint Bookrunners, it will not, and will procure that the subsidiaries controlled by the Cornerstone Investors, if any, will not, at any time during a period of six months starting from and inclusive of the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the H Shares subscribed for by it pursuant to the relevant cornerstone investment agreement. In the event of a disposal of any relevant Offer Shares at any time after the Lock-up Period, the Investor (i) will notify the Company and the Joint Bookrunners in writing prior to the disposal and will use its best endeavours to ensure that any such disposal will not create a disorderly or false market in the H Shares and will comply with all applicable laws.

Each Cornerstone Investor may transfer the H Shares so subscribed in certain limited circumstances, such as transfer to a wholly-owned subsidiary or controlled group member of such Cornerstone Investor, provided that such wholly-owned subsidiary agrees to be subject to the restrictions on disposals imposed on such Cornerstone Investor and such subsidiary is not a U.S. Person (as defined in Rule 902(k) of Regulation S under the Securities Act), and is and will be outside the United States and would be acquiring these Shares in an offshore transaction in reliance on Regulation S under the Securities Act.