

## 1. FURTHER INFORMATION ABOUT OUR COMPANY

### A. Incorporation

The Company was established as a joint stock limited company under the Company Law on August 19, 2011, converting from our predecessor, Huadian Fuxin Energy Co., Ltd. (華電福新能源有限公司), a PRC limited liability company. Our Company has established a place of business at 25F, Yifa Plaza, No. 111 Wusi Road, Gulou District, Fuzhou, Fujian, PRC, and has been registered as a non-Hong Kong company in Hong Kong under Part XI of the Hong Kong Companies Ordinance on May 30, 2012. Ms. Mok Ming Wai has been appointed as our agent for the acceptance of service of process in Hong Kong. As we are incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix VIII. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix VII.

### B. Changes in Capital

Our predecessor was established in Fujian province, the PRC, with a registered capital of RMB1.8 billion, which has been fully paid up. The registered capital of our predecessor was increased to RMB5.089 billion, all of which has been fully paid up. At the time of our establishment as the joint stock limited liability company, our initial registered share capital was RMB6 billion divided into 6 billion Domestic Shares of nominal value of RMB1.00 each, all of which were fully paid up. Upon completion of the Global Offering, but without taking into account any H Shares which may be issued by our Company pursuant to the Over-allotment Option, our registered share capital will be increased to RMB7,500,000,000, made up of 5,850,000,000 Domestic Shares and 1,650,000,000 H Shares (including the H shares to be issued pursuant to the transfer of certain Shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF) fully paid up or credited as fully paid up, representing approximately 78.0% and 22.0% of our registered share capital, respectively. Save as aforesaid, there has been no alteration in our share capital since our establishment.

### C. The Company's Extraordinary General Meeting held on August 23, 2011

At an extraordinary general meeting of our Company held on August 23, 2011, among other things, the following resolutions were passed by the Shareholders of our Company:

- (a) the issue by the Company of the H Shares of nominal value of RMB1.00 each up to 3.231 billion Shares in total (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option and pursuant to the transfer of certain Shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF) and such H Shares be listed on the Stock Exchange; and

- (b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities.

#### **D. Our Reorganization**

We underwent the Reorganization, details of which are set out in the section headed “History, Reorganization and Corporate Structure” in this prospectus. As confirmed by Jia Yuan Law Offices, our PRC legal advisers, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

- (a) On May 27, 2011, the SASAC issued an approval document (Guo Zi Gai Ge [2011] No. 428) to approve the proposal relating to the Reorganization;
- (b) Beijing China Enterprise Appraisal Co., Ltd. appraised the assets and equity interests which were to be injected into the Company as of January 31, 2011 and issued an appraisal report (Zhong Qi Hua Ping Bao Zi (2011) No. 1161) on June 18, 2011;
- (c) The appraisal report was filed with the SASAC (Filing Form No. 20110068);
- (d) On August 2, 2011, the SASAC issued an approval (Guo Zi Chan Quan (2011) No. 783) approving the Reorganization of our Company as a joint stock limited company;
- (e) On August 18, 2011, Huadian convened an inaugural meeting of the Company for the establishment of the Company as a joint stock limited company; and
- (f) On August 19, 2011, a new business license was issued by the Administration for Industry and Commerce of Fujian province, whereupon we were formally established as a joint stock limited company.

## **2. OUR SUBSIDIARIES**

Our principal subsidiaries (for the purpose of the Listing Rules) as of December 31, 2011 are set out under the financial information in the Accountants’ Report as included in Appendix I to this prospectus. The following alterations in the registered capital of our principal subsidiaries have taken place within the two years preceding the date of this prospectus:

- (a) on June 17, 2010, the then-existing shareholders of Yong’an Fenghai Power Generation Co., Ltd., namely Xiamen Yilong Investment Co., Ltd., Xiamen Yongzhan Group Co., Ltd., Xiamen You’en Power Development Co., Ltd. and

Yong'an Longxing Power Development Co., Ltd. transferred their respective interests in Yong'an Fenghai Power Generation Co., Ltd. to Huadian Fujian Power Generation Co., Ltd. and Mr. Huang Yaohong. Upon completion of the equity transfer, the equity interest of Yong'an Fenghai Power Generation Co., Ltd. was held as to 90% by Huadian Fujian Power Generation Co., Ltd. (the predecessor of Huadian Fuxin Energy Corporation Limited), 5% by Yong'an Caoyuan Mineral Product Development Co., Ltd. and 5% by Mr. Huang Yaohong, respectively;

- (b) on June 30, 2010, Mr. Huang Yaohong transferred 5% equity interest in Yong'an Fenghai Power Generation Co., Ltd. to Huadian Fuxin Energy Corporation Limited. Upon completion of the equity transfer, the equity interest of Yong'an Fenghai Power Generation Co., Ltd. was held as to 95% by Huadian Fujian Power Generation Co., Ltd. and 5% by Yong'an Caoyuan Mineral Product Development Co., Ltd., respectively;
- (c) on June 30, 2010, the registered capital of Inner Mongolia Huadian Jieji Wind Power Co., Ltd. was increased from RMB10,000,000 to RMB20,000,000;
- (d) on June 30, 2010, the registered capital of Gansu Huadian Guazhou Wind Power Co., Ltd. was increased from RMB10,000,000 to RMB40,000,000;
- (e) on July 22, 2010, the registered capital of Huadian New Energy Development Co., Ltd. was increased from RMB698,000,000 to RMB1,498,000,000;
- (f) on August 5, 2010, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB30,000,000 to RMB40,000,000;
- (g) on September 21, 2010, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB40,000,000 to RMB60,000,000;
- (h) on September 25, 2010, the then-existing shareholders of Fujian Minxing Hydropower Co., Ltd., namely Fujian Minbei Yili Investment Joint Stock Company Limited and Fujian Yongfu Group Co., Ltd. transferred their respective interests in Fujian Minxing Hydropower Co., Ltd. to Huadian Fujian Power Generation Co., Ltd.. Upon completion of the equity transfer, the equity interest of Fujian Minxing Hydropower Co., Ltd. was held as to 69% by Fujian Huadian Electric Power Engineering Co., Ltd., 17% by Xiamen Wanxing Power Development Co., Ltd. and 14% by Huadian Fujian Power Generation Co., Ltd., respectively;
- (i) on October 22, 2010, the then-existing shareholders of Xiamen Gaoleike Investment Co., Ltd., namely Mr. Huang Canghai, Mr. Xiao Shaoming, Mr. Luo Zuwei, Ms. Ye Meihong and Mr. Zhang Jianhua transferred their respective interests in Xiamen Gaoleike Investment Co., Ltd. to Mr. Xiong Xianghua. Upon completion of the transfer, the equity interest of Xiamen Gaoleike Investment Co., Ltd. was held as to 87.08% by Huadian Fuxin Energy Corporation Limited and 12.92% by Mr. Xiong Xianghua, respectively;

- (j) on October 28, 2010, the registered capital of Gansu Huadian Yumen Wind Power Co., Ltd. was increased from RMB10,000,000 to RMB20,000,000;
- (k) on October 28, 2010, the registered capital of Inner Mongolia Huadian Jieji Wind Power Co., Ltd. was increased from RMB20,000,000 to RMB40,000,000;
- (l) on October 28, 2010, the registered capital of Gansu Huadian Guazhou Wind Power Co., Ltd. was increased from RMB40,000,000 to RMB80,000,000;
- (m) on November 2, 2010, Xiamen Wanxing Power Development Co., Ltd. transferred 17% equity interest in Fujian Minxing Hydropower Co., Ltd. to Huadian Fujian Power Generation Co., Ltd.. Upon completion of the equity transfer, the equity interest of Fujian Minxing Hydropower Co., Ltd. was held as to 69% by Fujian Huadian Electric Power Engineering Co., Ltd. and 31% by Huadian Fujian Power Generation Co., Ltd., respectively;
- (n) on November 5, 2010, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB60,000,000 to RMB100,000,000;
- (o) on November 8, 2010, Yiyang Group Co., Ltd. transferred 77% equity interest in Heilongjiang Huafu Power Investment Co., Ltd. to Huadian New Energy Development Co., Ltd.. Upon completion of the equity transfer, the equity interest of Heilongjiang Huafu Power Investment Co., Ltd. was held as to 77% by Huadian New Energy Development Co., Ltd., 11.5% by Yiyang Group Co., Ltd., 5% by Heilongjiang Electric Power Operating Co., Ltd., 2.5% by Huadian Energy Co., Ltd., 1% by Heilongjiang Electric Power Industrial Group Co., Ltd., 1% by Heilongjiang Longyuan Electric Power Fuel Co., Ltd., 1% by Heilongjiang Electric Power International Trading Co., Ltd. and 1% by Heilongjiang Longyuan Electric Power Technology Development Co., Ltd., respectively;
- (p) on November 10, 2010, the registered capital of Gansu Huadian Yumen Wind Power Co., Ltd. was increased from RMB20,000,000 to RMB30,000,000;
- (q) on December 22, 2010, the registered capital of Huadian (Fuqing) Wind Power Co., Ltd. was increased from RMB15,000,000 to RMB25,000,000;
- (r) on January 7, 2011, the registered capital of Huadian (Fuqing) Wind Power Co., Ltd. was increased from RMB25,000,000 to RMB35,000,000;
- (s) on April 22, 2011, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB100,000,000 to RMB120,000,000;
- (t) on May 25, 2011, Huadian Fuxin Energy Corporation Limited transferred 95% equity interest in Yong'an Fenghai Power Generation Co., Ltd. to Huadian (Xiamen) Energy Company Limited. Upon completion of the equity transfer, the equity

interest of Yong'an Fenghai Power Generation Co., Ltd. was held as to 95% by Huadian (Xiamen) Energy Company Limited and 5% by Yong'an Caoyun Mineral Product Development Co., Ltd., respectively;

- (u) on June 20, 2011, the registered capital of Huadian New Energy Development Co., Ltd. was increased from RMB1,498,000,000 to RMB2,398,000,000;
- (v) on November 18, 2011, the registered capital of Jiangsu Huadian Guanyun Wind Power Co., Ltd. was increased from RMB90,000,000 to RMB176,000,000;
- (w) on November 21, 2011, Yiyang Group Co., Ltd. transferred 3% equity interest in Heilongjiang Huafu Power Investment Co., Ltd. to Huadian New Energy Development Co., Ltd.. Upon completion of the equity transfer, the equity interest of Heilongjiang Huafu Power Investment Co., Ltd. was held as to 80% by Huadian New Energy Development Co., Ltd., 9.5% by Yiyang Group Co., Ltd., 5% by Heilongjiang Electric Power Operating Co., Ltd., 2.5% by Huadian Energy Co., Ltd., 1% by Heilongjiang Longyuan Electric Power Fuel Co., Ltd., 1% by Heilongjiang Electric Power International Trading Co., Ltd. and 1% by Heilongjiang Longyuan Electric Power Technology Development Co., Ltd., respectively;
- (x) on December 13, 2011, Huadian New Energy Development Co., Ltd. transferred 48.86% equity interest in Jiangsu Huadian Guanyun Wind Power Co., Ltd.. Upon completion of the equity transfer, the equity interest of Jiangsu Huadian Guanyun Wind Power Co., Ltd. was held as to 51.14% by Huadian New Energy Development Co., Ltd. and 48.86% by CSIC (Chongqing) Haizhuang Windpower Equipment Co., Ltd., respectively; and
- (y) on December 23, 2011, the registered capital of Huadian (Fuqing) Wind Power Co., Ltd. was increased from RMB35,000,000 to RMB70,000,000.

### **3. FURTHER INFORMATION ABOUT OUR BUSINESS**

#### **A. Summary of Our Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this prospectus which are or may be material:

- (a) an equity transfer agreement dated August 31, 2010 (effective retrospectively from July 31, 2010), entered into between Fujian Minbei Yili Investment Joint Stock Company Limited and Huadian Fujian, whereby Fujian Minbei Yili Investment Joint Stock Company Limited agreed to transfer 9% equity interest in Fujian Minxing Hydropower Company Limited to Huadian Fujian for a consideration of RMB21.87 million;

- (b) an equity transfer agreement dated August 31, 2010 (effective retrospectively from July 31, 2010), entered into between Fujian Yongfu Group Company Limited and Huadian Fujian, whereby Fujian Yongfu Group Company Limited agreed to transfer 5% equity interest in Fujian Minxing Hydropower Company Limited to Huadian Fujian for a consideration of RMB12.15 million;
- (c) an equity transfer agreement dated September 17, 2010 (effective retrospectively from July 31, 2010), entered into between ten individuals (Li Xiangyang, Yue Kaiduan, Lin Chunying, Cao Yunwei, Wei Jiyan, Lv Yinqing, Wang Wenhua, Luo Lianghua, Qiu Mingzhong and Yuan Wenxing) and Huadian Fujian, whereby the ten individuals agreed to transfer their respective equity interest (which added up to 100%) in Sanming Boyuan Investment Company Limited to Huadian Fujian for a total contractual consideration of RMB40.12 million (subject to adjustment);
- (d) an equity transfer agreement dated September 27, 2010, entered into between Xiamen Wanxing Power Development Joint Stock Company Limited and Huadian Fujian, whereby Xiamen Wanxing Power Development Joint Stock Company Limited agreed to transfer 17% equity interest in Fujian Minxing Hydropower Company Limited to Huadian Fujian for a consideration of RMB41.31 million;
- (e) an equity transfer agreement dated September 30, 2010, entered into between Xiamen Yilong Investment Company Limited and Huadian Fujian, whereby Xiamen Yilong Investment Company Limited agreed to transfer 30.78% equity interest in Yong'an Yinhe Power Company Limited to Huadian Fujian for a contractual consideration of RMB10.00 million (subject to adjustment);
- (f) an equity transfer agreement dated September 30, 2010, entered into between 24 individuals (Huang Yaozhong, Wang Xuewu, Huang Zuming, Li Yuansheng, Lin Xingji, Lin Xiangrong, Zhan Xionglian, Peng Guoqing, Xie Jinfang, Huang Liming, Lin Chenchang, Wen Xinglu, Zhu Hengchao, Huang Zongren, Xia Shuguang, Huang Songqing, Zheng Zhenbo, Li Lianxian, Yao Rongzhen, Zeng Jiansheng, Chen Weihou, Lin Changzheng, Lian Zhenlin and Du Min) and Huadian Fujian, whereby the 24 individuals agreed to transfer their respective equity interest (which added up to 69.22%) in Yong'an Yinhe Power Company Limited to Huadian Fujian for a total contractual consideration of RMB22.00 million (subject to adjustment);
- (g) an equity transfer agreement dated October 8, 2010, entered into between nine individuals (Deng Jie, Guo Shengbo, Lin Wensheng, Huang Jianmu, Lei Canrong, Huang Anju, Fan Lanying, Wang Anlin and Chen Shuihua) and Huadian Fujian, whereby the nine individuals agreed to transfer their respective equity interest (which added up to 98.6%) in Longyan Wanye Investment Company Limited to Huadian Fujian for a total contractual consideration of RMB22.00 million (subject to adjustment);

- (h) an equity transfer agreement dated October 21, 2010, entered into between Dai Xueji and Dai Shuiming and China Huadian Group New Energy Development Co., Ltd., whereby Dai Xueji and Dai Shuiming agreed to transfer 1% and 50% equity interest in Maoming Zhong'ao Wind Power Company Limited, respectively, to China Huadian Group New Energy Development Co., Ltd. for a consideration of approximately RMB0.81 million (to Dai Xueji) and approximately RMB40.57 million (to Dai Shuiming), respectively;
- (i) an equity transfer agreement dated October 22, 2010, entered into between five individuals (Huang Canghai, Xiao Shaoming, Luo Zuwei, Ye Meihong and Zhang Jianhua) and Huadian Fujian, whereby the five individuals agreed to transfer their respective equity interest (which added up to 87.08%) in Xiamen Gaoleike Investment Company Limited to Huadian Fujian for a total contractual consideration of RMB78.37 million (subject to adjustment);
- (j) the Reorganization Agreement dated October 29, 2010, entered into between Huadian, Huadian International, Huadian Energy, Wujiang Hydropower, Huadian Engineering and Huadian Fuxin Energy Co., Ltd. in respect of the Reorganization as detailed in the section headed "History, Reorganization and Corporate Structure" in this prospectus;
- (k) an equity transfer agreement dated November 8, 2010, entered into between Yiyang Group Corporation Limited, China Huadian Group New Energy Development Co., Ltd. and Heilongjiang Huaifu Power Investment Company Limited, whereby Yiyang Group Corporation Limited agreed to transfer 77% equity interest in Heilongjiang Huaifu Power Investment Company Limited to China Huadian Group New Energy Development Co., Ltd. for a consideration of RMB599.21 million;
- (l) an equity transfer agreement dated December 27, 2010, entered into between Zou Shilin, Fang Yuxi and Chi Bing and Yong'an Yinhe Power Company Limited, whereby Zou Shilin, Fang Yuxi and Chi Bing agreed to transfer their respective equity interest (which added up to 100%) in Fujian Jinxi Investment Company Limited to Yong'an Yinhe Power Company Limited for a total contractual consideration of RMB20.34 million (subject to adjustment);
- (m) a capital increase agreement dated December 29, 2010, entered into between Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital, Datong Capital and Huadian Fuxin Energy Co., Ltd. in respect of the strategic investment as detailed in the section headed "History, Reorganization and Corporate Structure" in this prospectus;
- (n) an equity transfer agreement dated December 30, 2010, entered into between Beijing Beifang Qide Energy Equipment Company Limited and Huadian New Energy, whereby Beijing Beifang Qide Energy Equipment Company Limited agreed to transfer 80% equity interest in Inner Mongolia Fulida Wind Power Company Limited to Huadian New Energy for a consideration of RMB12.00 million;

- (o) an equity transfer agreement dated January 31, 2011, entered into between Huadian Fuxin Energy Co., Ltd. and Huadian, whereby Huadian Fuxin Energy Co., Ltd. agreed to transfer 100% equity interest in Fujian Huadian Kemen II Power Generation Co., Ltd. to Huadian for a consideration of RMB206.50 million;
- (p) an equity transfer agreement dated March 31, 2011, entered into between Xiamen Youyuan Investment Company Limited, Xiamen Hangshun Investment Company Limited, nine individuals (Cai Huaiyin, Zeng Shoulin, Zhang Songhui, Li Jun, Wu Wengui, Wang Zhiqing, Cai Huaizao, Zheng Laican and Lin Kunyao) and Fujian Mianhuatan Hydropower Development Company Limited, whereby Xiamen Youyuan Investment Company Limited, Xiamen Hangshun Investment Company Limited and the nine individuals agreed to transfer their respective equity interest (which added up to 100%) in Zhangping Yongfu Hydropower Development Company Limited to Fujian Mianhuatan Hydropower Development Company Limited for a total contractual consideration of RMB245.00 million (subject to adjustment);
- (q) an equity transfer agreement dated August 20, 2011, entered into between Huadian New Energy and Huadian, whereby Huadian New Energy agreed to transfer 12% equity interest in Guangzhou University Town Huadian New Energy Co., Ltd. to Huadian for a contractual consideration of RMB38.75 million (subject to adjustment);
- (r) an asset sale agreement dated August 31, 2011, entered into between Fujian Huadian Yong'an Power Generation Company Limited and Fujian Jiaojian Group Engineering Company Limited, whereby Fujian Huadian Yong'an Power Generation Company Limited agreed to sell certain assets of two shutdown power generation units to Fujian Jiaojian Group Engineering Company Limited for a consideration of RMB23.50 million;
- (s) an equity transfer agreement dated March 28, 2012, entered into between the Company and Shanxi Coal Import and Export Group Company Limited, whereby the Company agreed to transfer 28% equity interest in Fujian Kemen Harbour Shipping and Forwarding Company Limited to Shanxi Coal Import and Export Group Company Limited for a consideration of RMB256.00 million;
- (t) an indemnity agreement dated April 18, 2012, entered into between Huadian and the Company, whereby Huadian agreed to indemnify the Company such losses, claims, charges and expenses directly or indirectly incurred by the Company arising from the relocation and resettlement of and reimbursement to local residents in relation to the Mianhuatan hydropower project which exceed the provision which had been made by the Company as of the date of the indemnity agreement for nil consideration, as detailed in the section headed "Business – Recent disputes involving the Mianhuatan Hydropower Project" in this prospectus;



- (u) the Non-Competition Agreement;
- (v) a trademark licensing agreement dated June 4, 2012, entered into between Huadian and the Company (effective retrospectively from August 19, 2011), whereby Huadian granted the Group a non-exclusive license for the use of certain trademarks registered under Huadian as at the date of the agreement with an annual royalty of RMB1, as detailed in the section headed “Connected Transactions – Exempt Connected Transactions” in this prospectus;
- (w) a cornerstone investment agreement dated June 7, 2012, entered into among CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited, CSR Group, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD50,000,000, as detailed in the section headed “Cornerstone Investors” in this prospectus;
- (x) a cornerstone investment agreement dated June 7, 2012, entered into among GE Pacific Private Limited, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which GE Pacific Private Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of US\$10 million, as detailed in the section headed “Cornerstone Investors” in this prospectus;
- (y) a cornerstone investment agreement dated June 7, 2012, entered into among Huaneng Renewables (Hong Kong) Limited, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which Huaneng Renewables (Hong Kong) Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD30,000,000, as detailed in the section headed “Cornerstone Investors” in this prospectus;
- (z) a cornerstone investment agreement dated June 8, 2012, entered into among State Grid International Development Limited, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which State Grid International Development Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD30,000,000.00, as detailed in the section headed “Cornerstone Investors” in this prospectus;
- (aa) a cornerstone investment agreement dated June 7, 2012, entered into among Shanxi Lu’an Mining Industry Group Co., Ltd., CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which Shanxi Lu’an Mining Industry Group Co., Ltd. agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD30,000,000.00, as detailed in the section headed “Cornerstone Investors” in this prospectus;

(bb) a cornerstone investment agreement dated June 7, 2012, entered into among Sinovel Wind Group Co., Ltd, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which Sinovel Wind Group Co., Ltd agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD58,800,000, as detailed in the section headed “Cornerstone Investors” in this prospectus; and

(cc) the Hong Kong Underwriting Agreement.

## **B. Our intellectual property rights**

### **Patents**

#### *a) Patents*

Based on the information provided by the Company and pursuant to due examination by the Company’s PRC legal advisers, as of December 31, 2011, the Group did not own any patent which is within the period of validity or under application.

#### *b) Proprietary Technology*

Based on the information provided by the Company and pursuant to due examination by the Company’s PRC legal advisers, as of December 31, 2011, the Group did not have any self-owned proprietary technology or any licensed proprietary technology.

### **Trademarks**

#### *a) Self-owned Registered Trademarks*

Based on the information provided by the Company and pursuant to due examination by the Company’s PRC legal advisers, as of December 31, 2011, the Group did not own any registered trademark which is within the period of validity or under application.

#### *b) Licensed Registered Trademarks*

Based on the information provided by the Company and pursuant to due examination by the Company’s PRC legal advisers, as of December 31, 2011, the Group did not have any licensed registered trademark.

c) *Trademarks under the Trademark Licensing Agreement*

	<u>Trademark</u>	<u>Registration number</u>	<u>Period of the non-exclusive license granted</u>
1		3539089	2005.02.07-2015.02.06
2		3538481	2005.02.21-2015.02.20
3		3538484	2005.02.07-2015.02.06
4		3538486	2005.02.21-2015.02.20
5		3538467	2005.03.28-2015.03.27
6		3539086	2005.05.14-2015.05.13
7		3669906	2005.09.07-2015.09.06
8		3669913	2006.02.07-2016.02.06
9		3670016	2005.08.07-2015.08.06
10		3670023	2006.02.07-2016.02.06
11		3670026	2005.08.07-2015.08.06
12		3670033	2005.06.21-2015.06.20
13		6594031	2010.12.28-2020.12.27
14		6594035	2011.01.14-2021.01.13
15		6594048	2010.11.28-2020.11.27
16		6594071	2011.02.07-2021.02.06

#### 4. DISCLOSURE OF INTERESTS

##### A. Substantial Shareholders

So far as our Directors are aware, immediately following the Global Offering (without taking into account any H Shares that may be issued upon the exercise of the Over-allotment Option and any additional H Shares that may be converted from the transfer of certain Shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF for the Over-allotment Option), each of the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in any circumstance at general meetings of our Company:

Shareholder	Number of Shares held after the Global Offering <sup>(1)</sup>	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering <sup>(2)</sup>
Huadian <sup>(3)</sup>	5,019,300,000 Domestic Shares	Beneficial interest and interest of controlled corporation	85.80%	66.93%
Wujiang Hydropower <sup>(3)</sup>	189,540,000 Domestic Shares	Beneficial interest and interest of controlled corporation	3.24%	2.53%
Huadian Engineering <sup>(3)</sup>	78,975,000 Domestic Shares	Beneficial interest and interest of controlled corporation	1.35%	1.05%

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding the 150,000,000 H Shares to be held by NSSF after the Global Offering).

(2) The calculation is based on the total number of 7,500,000,000 Shares in issue after the Global Offering.

(3) Huadian holds 51% of the equity interest of Wujiang Hydropower and is interested in 100% of the equity interest of Huadian Engineering. Therefore, Huadian is deemed to be interested in the 189,540,000 Domestic Shares and 78,975,000 Domestic Shares held by Wujiang Hydropower and Huadian Engineering, respectively, as set out above.

**B. Disclosure of our Directors' and Supervisors' interests in the registered capital of associated corporations of the Company**

Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of our Directors, Supervisors and chief executive of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

**C. Particulars of Service Contracts**

Each of the executive Directors and non-executive Directors, has entered into a service contract with our Company on December 14, 2011. The principal particulars of these service agreement are (a) for a term of three years commencing from the Listing Date and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable laws, rules or regulations.

Each of the Supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with our Company on December 14, 2011.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

**D. Directors' and Supervisors' remuneration**

For the three years ended December 31, 2009, 2010 and 2011, the aggregate amount of salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by us to our Directors and Supervisors were approximately RMB2.911 million, RMB3.332 million and RMB3.340 million respectively. Save as disclosed under Note 8 to the financial information in the Accountants' Report set out in Appendix I to this prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2009, 2010 and 2011.

Under the current arrangements, our Directors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2012 under arrangement in force as of the date of this prospectus which is expected to be approximately RMB2.250 million in aggregate.

Under the current arrangements, the Supervisors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2012 under arrangement in force as of the date of this prospectus which is expected to be approximately RMB0.720 million in aggregate.

#### **E. Personal Guarantees**

Our Directors and Supervisors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

#### **F. Agency Fees or Commissions Paid or Payable**

Save as disclosed in the section headed “Underwriting” in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years ended on the date of this prospectus.

#### **G. Related Party Transactions**

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in Note 35 to the financial information in the Accountants’ Report set out in Appendix I to this prospectus.

#### **H. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of our Directors, Supervisors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;
- (b) in connection with the Underwriting Agreements, none of our Directors or Supervisors nor any of the parties listed in the paragraph headed “Qualification of experts” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

- (c) none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange; save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors or Supervisors nor any of the parties listed in paragraph headed “Qualification of experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed “Qualification of experts” of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and
- (e) none of our Directors or Supervisors or their respective associates or any shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

## **5. OTHER INFORMATION**

### **A. Estate Duty**

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

### **B. Litigation**

As of the Latest Practicable Date, our Company is not involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

### **C. Sponsors**

The Sponsors have declared their independence pursuant to Rule 3A.07 of the Listing Rules.

The Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

**D. Preliminary expenses**

Our estimated preliminary expenses are approximately HK\$650,000. All preliminary expenses and all expenses relating to the Global Offering will be borne by the Company.

**E. Qualification of experts**

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualification
CITIC Securities Corporate Finance (HK) Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
UBS AG, Hong Kong Branch	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
Merrill Lynch Far East Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer and consultant in relation to the Group's property interests
Jia Yuan Law Offices	PRC legal advisers
Mott MacDonald Limited	Independent technical consultant
Frost & Sullivan	Industry consultant

*Note:* experts are ranked randomly.

**F. No material adverse change**

Our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2011.

**G. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.



**H. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**I. Miscellaneous**

Save as disclosed in this prospectus,

- (a) within the two years preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) the Company has no outstanding convertible debt securities or debentures;
- (e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of the Company;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (i) there is no subsidiary in our Group which is a Sino-foreign equity joint venture or which operates as or under a cooperative or contractual joint venture; and
- (j) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

**J. Consents**

Each of the experts as referred to in the paragraph headed “Qualification of experts” in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A and 44E of the Hong Kong Companies Ordinance so far as applicable.

**K. Promoters**

The promoters of our Company are Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given to the promoters named above in connection with the Hong Kong Public Offering or the related transactions described in this prospectus.