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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

**If you have sold or transferred** all your shares in Xinjiang Goldwind Science & Technology Co., Ltd., you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.\***

**新疆金風科技股份有限公司**

*(a joint stock limited liability company incorporated in the People's Republic of China)*

**Stock Code: 02208**

**CONTINUING CONNECTED TRANSACTIONS  
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Advisor to  
the Independent Board Committee and the Independent Shareholders**



**Octal Capital Limited**

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A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 15 to 16 of this circular.

A letter from Octal Capital Limited, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 34 of this circular.

A notice convening the EGM which is to be held at Conference Room, No. 8, Boxing Yi Road, Economic & Technological Development District, Beijing, PRC at 2:30 p.m. on Friday, 1 March 2019 is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy and a reply slip for use in connection with the EGM are enclosed herewith and have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). Whether or not you are able to attend the EGM, please complete and return the reply slip and the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not later than 20 days and 24 hours, respectively, before the time designated for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

14 January 2019

\* For identification purposes only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“A Shares”	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“China Three Gorges”	中國長江三峽集團公司 (China Three Gorges Corporation), a company established under the laws of the PRC and the parent company of China Three Gorges New Energy;
“China Three Gorges New Energy”	中國三峽新能源有限公司 (China Three Gorges New Energy Co., Ltd.), a limited liability company established under the laws of the PRC and a substantial shareholder of the Company;
“close associates”	has the meaning ascribed to it under the Listing Rules;
“Company”	新疆金風科技股份有限公司 (Xinjiang Goldwind Science & Technology Co., Ltd.), a joint stock limited liability company established in the PRC on 26 March 2001, the H Shares of which are listed and traded on the main board of the Stock Exchange and the A Shares of which are listed on the SZSE;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Connected Persons Group”	a group of connected persons of the Company comprising China Three Gorges New Energy, Xinjiang Wind Power and their respective associates;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;

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## DEFINITIONS

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“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened at Conference Room, No. 8, Boxing Yi Road, Economic & Technological Development District, Beijing, PRC at 2:30 p.m. on Friday, 1 March 2019, the notice of which is set out on pages EGM-1 to EGM-2 of this circular;
“Group”	the Company and its subsidiaries;
“H Shares”	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are subscribed for and paid up in Hong Kong dollars and listed on the Stock Exchange;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a board committee comprising all independent non-executive directors of the Company, namely, Dr. Tin Yau Kelvin Wong, Mr. Yang Xiaosheng and Mr. Luo Zhenbang;
“Independent Financial Advisor”	Octal Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Continuing Connected Transactions and the proposed annual caps;
“Independent Shareholders”	the Shareholders other than China Three Gorges New Energy and Xinjiang Wind Power and their associates who will abstain from voting on the resolutions with respect to the Product Sales Framework Agreement (2019-2021) and the transactions contemplated thereunder (including the respective proposed annual caps)
“Latest Practicable Date”	10 January 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

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## DEFINITIONS

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“PRC”	the People’s Republic of China. References in this circular to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Product Sales Framework Agreement (2019-2021)”	the product sales framework agreement dated 26 October 2018 entered into between the Group and the Connected Persons Group in relation to the sales of WTGs to the Connected Persons Group for the three years ending 31 December 2021;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning as ascribed in the Listing Rules;
“SZSE”	Shenzhen Stock Exchange;
“WTG”	wind turbine generator; and
“Xinjiang Wind Power”	新疆風能有限責任公司 (Xinjiang Wind Power Co., Ltd.), a state-owned enterprise established under the laws of the PRC and a substantial shareholder of the Company.

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## LETTER FROM THE BOARD

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**XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.\***

**新疆金風科技股份有限公司**

*(a joint stock limited liability company incorporated in the People's Republic of China)*

**Stock Code: 02208**

**Directors:**

*Executive Directors:*

Mr. Wu Gang (*Chairman*)

Mr. Wang Haibo

Mr. Cao Zhigang

**Registered Office:**

No. 107, Shanghai Road

Economic & Technological Development District

Urumqi

Xinjiang

*Non-executive Directors:*

Mr. Zhao Guoqing

Mr. Gao Jianjun

Ms. Gu Hongmei

**Place of Business in Hong Kong:**

Edinburgh Tower, 33/F, The Landmark

15 Queen's Road Central

Hong Kong

*Independent Non-executive Directors:*

Mr. Yang Xiaosheng

Mr. Luo Zhenbang

Dr. Tin Yau Kelvin Wong

*To the Shareholders,*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the announcement issued by the Company and dated 26 October 2018 regarding certain continuing connected transaction of product sales to the Connected Persons Group under the Product Sales Framework Agreement (2019-2021) to which the Company is a party (the “**Continuing Connected Transactions**”). Reference is also made to the announcement of the Company dated 23 October 2015 and the circular dated 23 November 2015 in relation to the continuing connected transactions between the Group and the Connected Persons Group pursuant to the Product Sales Framework Agreement (2015-2018). The Product Sales Framework Agreement (2015-2018) has expired on 31 December 2018 and on 26 October 2018, the Company entered into the Product Sales Framework Agreement (2019-2021).

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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Reference is also made to the announcement dated 26 October 2018 regarding proposed amendments to the Articles of Association of the Company.

The purpose of this circular is to set out (i) detailed information regarding the Continuing Connected Transactions; (ii) the proposed amendments to the Articles of Association; and to give you notice of the EGM to consider and approve the proposed resolutions.

According to the relevant provisions of the *Shenzhen Stock Exchange Implementation Rules of Online Voting at Shareholders' Meeting of Listed Companies* and the Articles of Association, the Company will provide an online voting platform for holders of A Shares to vote online. Holders of H Shares may attend and vote in person or by proxy while holders of A Shares may vote in person, by proxy or online.

## II. CONTINUING CONNECTED TRANSACTIONS

### 1. Continuing Connected Transactions

The Group is a party to certain continuing connected transactions of product sales to the Connected Persons Group under the Product Sales Framework Agreement (2019-2021). Such transactions are expected to be continued in the future in the Group's ordinary and usual course of business.

#### (a) *Terms and pricing*

For providing guiding principles for each individual transaction to be entered into between the Group and the members of the Connected Persons Group in respect of product sales, on 26 October 2018, the Company entered into the Product Sales Framework Agreement (2019-2021) with China Three Gorges New Energy and Xinjiang Wind Power, respectively, which is valid from 1 January 2019 to 31 December 2021. The Group will enter into written agreements with the relevant members of the Connected Persons Group in respect of each individual connected transaction of product sales after winning a tender as well. Pursuant to the Product Sales Framework Agreement (2019-2021), the price for product sales (i) shall be determined through the tender bidding process if the sale is awarded through a public tender; or (ii) where no public tender is required, shall be based on the market price at which the Group is able to sell identical or similar products to an independent third party in the ordinary and usual course of business, and the terms and price available to the member of the Connected Persons Group for such sale shall be no more favourable than those provided by independent third parties. All sales of WTGs to the members of the Connected Persons Group are required to be conducted through a tendering process. The Group, as the tenderer, shall submit tender documents in response to the invitation to tender. The terms and selling price in respect of the sale of WTGs will be determined through the tender bidding process if the sale is awarded through a public tender.

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## LETTER FROM THE BOARD

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The Group has put in place a sales supervision system. The Group has established a price management committee (the “**Committee**”) to fix and review the guidance price for the Group’s products. The Committee includes the president, the CFO, vice president of the operation department, and general managers of other major departments and major subsidiaries of the Group. As at the Latest Practicable Date, the Committee has nine members. The Committee will fix and review the guidance price for the Group’s products each year based on the Group’s development strategy, the historical selling price of WTGs in the past twelve months and the prices of WTGs quoted by the Group’s competitors. The Committee will further review and revise the guidance price if there is any substantial change of the market conditions, the conditions of the competitors and the product costs of the Group. The guidance price will be within the range of the highest market price and the lowest market price of same type of WTGs during the same period. Each time before making the bid, the Group’s sales director will base on the guidance price and internal tiered authorization system and other factors including the delivery location which would affect the transportation cost, the duration of the product guarantee, the demand of customers, the competitors’ quotation strategy and other ancillary services requirements to fix the bidding prices. The Group’s finance department will review the bidding price will reviewed the bidding prices to confirm whether they are in compliance with the guidance price to ensure the prices of the products quoted to the Connected Persons Group are no less favourable than those to independent third parties. The bidding prices will then be reviewed again by the supply chain, production and manufacturing, R&D, audit and legal departments against the latest selling price and the prices quoted by the Group’s competitors to ensure the bidding price is reasonable and avoid improper pricing. The bidding price will not be a price lower than the guidance price. The Group’s competitors’ selling and bidding prices recorded in the Group’s system are collected and updated every month.

The Directors will take into account of all the above factors when finalizing the selling price to ensure that selling price for the products sold to the members of the Connected Persons Group shall be no more favourable than those available to independent third parties.

In addition, the transactions contemplated under the Product Sales Framework Agreement (2019-2021) will be subject to the annual review by the audit and legal department of the Group and the independent non-executive Directors. In particular, the audit and legal department of the Group will conduct annual review to check if the transactions contemplated under the Product Sales Framework Agreement (2019-2021) are conducted in accordance with the terms of the Product Sales Framework Agreement (2019-2021), on normal commercial terms or better and in accordance with the pricing requirements of the Group. The independent non-executive Directors will review the report from the audit and legal department of the Group and confirm the above accordingly in the annual report of the Company.



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## LETTER FROM THE BOARD

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In general, continuing connected transactions entered into by the Company are subject to the review by external auditors and the audit committee of the Company every six months and annually to ensure that the pricing and terms are fair and reasonable. The external auditors and the audit committee will then submit their findings to the Board.

**(b) Historical figures for 2016, 2017 and 2018/annual cap and estimated annual caps for 2019, 2020 and 2021**

*Units: million RMB*

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018	Annual cap for 2018	Proposed annual cap for 2019	Proposed annual cap for 2020	Proposed annual cap for 2021
<b>Product sales</b>	979.41	202.18	722.12	4,409.90	2,946.94	2,127.31	2,427.07

The estimated annual caps for each of the three years ending 31 December 2019, 2020 and 2021, respectively, have been determined by taking into account the tenders submitted to the members of the Connected Persons Group, the available information about the business plan of the Connected Persons Group and the likelihood in which the Group is expected to win in the bids. In particular, the proposed annual cap for the year ending 31 December 2019 is determined by (i) the existing sales orders of WTGs placed by the Connected Persons Group and the sales orders of WTGs placed by the Connected Persons Group pending results of the tender; and (ii) a 15% buffer based on the aforementioned sales orders (including those pending results of the tender) of WTGs placed by the Connected Persons Group and historical figures.

According to the Notice on Adjusting the Tariff Price of On-grid Wind Power Benchmarking for Photovoltaic Power Generation 《關於調整光伏發電陸上風電標杆上網電價的通知(發改價格[2016]2729號)》, the benchmark feed-in tariff for onshore wind power is reduced from RMB0.47 – RMB0.60 per kilowatt to RMB0.40 – RMB0.57 per kilowatt starting 1 January 2018 for onshore wind power projects. The previous higher benchmark feed-in tariff will still be applicable to onshore wind power projects approved before 1 January 2018 if the commencement of the construction is no later than the end of 2019. It is expected that a large number wind farms will commence construction in 2019, therefore, the need for the Connected Persons Group to purchase WTGs will increase. The Board expects the demand for WTGs will significantly increase in 2019 and resume to a normal level in 2020.

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## LETTER FROM THE BOARD

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The Connected Persons Group has strategized to focus on operating offshore wind farms, as such, its demand for high-capacity-WTGs, which are specifically used for offshore wind farms, are expected to increase. The Group has recently released newly developed offshore high-capacity-WTGs which can satisfy the requirements of the Connected Persons Group for offshore WTGs. Based on the above, the Board expects that the proposed annual cap to increase for the year ending 31 December 2021.

As at the Latest Practicable Date, the amount of sales under the Product Sales Framework Agreement (2019-2021) has not exceeded 5% of the applicable percentage ratios. The Company's finance department will monitor compliance with the threshold on a weekly basis to ensure that the sales amount will not exceed 5% of the applicable percentage ratio. In the event the sales amount approaches the 5% threshold, the Company shall temporarily stop the transactions under the Product Sales Framework Agreement (2019-2021) and wait for the approval of the Independent Shareholders at the EGM.

### **2. General Information of the Parties to the Product Sales Framework Agreement (2019-2021)**

The Group is mainly engaged in WTG research & development, manufacturing and sales, wind power services, and wind farm investment and development.

China Three Gorges New Energy is a wholly-owned subsidiary of China Three Gorges. China Three Gorges New Energy, together with its subsidiaries, mainly carries out the development and investment of wind power and solar power businesses and the relevant consultancy work.

Xinjiang Wind Power is a state-owned enterprise, together with its subsidiaries, mainly carries out development and operation of wind power, solar power, and electric engineering projects.

### **3. Reasons for and Benefits of entering into the Continuing Connected Transactions**

The Group has been carrying out the Continuing Connected Transactions with the members of the Connected Persons Group in its ordinary and usual course of business and such transactions are expected to continue. The Group has conducted these continuing connected transactions with the members of the Connected Persons Group for many years and has built a long term strategic and solid business relationship with them. During these previous transactions between the Group and the Connected Persons Group, the Connected Persons Group was always able to settle payment on time, and the Group and the Connected Persons Group were not involved in any dispute in relation to the product quality, delivery and settlement. The Group has built a strong business relationship with the Connected Persons Group. Furthermore, taking into consideration the stable and well-established cooperation history and strategic business relationship between the Group and the Connected Persons Group, the Board considers that the Continuing Connected Transactions will benefit the Group's revenue growth and future development.

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## LETTER FROM THE BOARD

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Based on the above, the Directors (excluding the independent non-executive Directors) believe it is in the interests of the Company to continue such transactions and the Company will continue to benefit from these continuing connected transactions which will ensure and maximise its operation efficiency and business stability.

#### **4. Implication of the Listing Rules**

Each of Xinjiang Wind Power and China Three Gorges New Energy is a connected person of the Company by virtue of being a substantial shareholder of the Company. Xinjiang Wind Power also is an associate of China Three Gorges New Energy as China Three Gorges New Energy holds more than 30% of its issued share capital. As at the Latest Practicable Date, Xinjiang Wind Power holds approximately 13.74% of the issued share capital of the Company while China Three Gorges New Energy is deemed to be interested in approximately 24.26% of the issued share capital of the Company. Accordingly, the continuing transactions with any member of the Connected Persons Group which comprises Xinjiang Wind Power, China Three Gorges New Energy, and each of their respective associates constitute a continuing connected transaction for the Company.

As one or more of the applicable percentage ratios for highest proposed annual cap for each of the three year ending 31 December 2021 in respect of the continuing connected transactions contemplated under the Product Sales Framework Agreement (2019-2021) are more than 5%, the Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In the event the ordinary resolution in respect of the Product Sales Framework Agreement (2019-2021) is voted down by the Independent Shareholders at the EGM, the Company will revise the terms of the Product Sales Framework Agreement (2019-2021) and present the revised Product Sales Framework Agreement (2019-2021) and/or the revised proposed annual caps to the Board for its, and if necessary, the Independent Shareholders' approval.

#### **5. General**

The Independent Board Committee comprising all of the independent non-executive Directors of the Company, namely Mr. Yang Xiaosheng, Mr. Luo Zhenbang and Dr. Tin Yau Kelvin Wong, has been formed to advise the Independent Shareholders in relation to the Continuing Connected Transactions.

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## LETTER FROM THE BOARD

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The Independent Financial Advisor has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Continuing Connected Transactions and the proposed annual caps in relation thereto for the years of 2019, 2020 and 2021 are fair and reasonable.

The Independent Financial Advisor considers the Continuing Connected Transactions are on normal commercial terms or better and in ordinary course of business. The Independent Financial Advisor also considers the terms of the Continuing Connected Transactions and the proposed annual caps in relation thereto are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The letter from the Independent Financial Advisor is set out on pages 17 to 34 of this circular.

### III. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

Reference is made to the announcement dated 26 October 2018. According to relevant requirements of *Company Law*, *Articles Guidance for Listing Companies (2016 Revision)* and other laws and regulations, the board of Xinjiang Goldwind Science & Technologies Co., Ltd. Proposes to amend the Company's Articles of Association (the "**Articles of Association**"). Details of the proposed amendments are as follows:

#### **Article 1.01:**

These Articles of Association (these "**Articles**") have been formulated in order to protect the lawful rights and interests of the Company and its shareholders and creditors, and to govern the activities and organization of the Company. These Articles are formulated in accordance with relevant national laws and administrative regulations, including the *Company Law of the PRC*, the *Securities Law of the PRC*, the *Special Regulations*, the *Mandatory Provisions*, and the *Guidelines on Articles of Association*.

The Company is a company limited by shares incorporated in accordance with the *Company Law of the PRC and other relevant national laws and administrative regulations*.

Following authorization by the *Approval regarding the Incorporation of Xinjiang Goldwind Science & Technology Co., Ltd.* (Xin Zheng Han [2001] No. 29) issued by the government of Xinjiang Uyghur Autonomous Region ("**Xinjiang**"), the Company was established by way of the overall restructuring of Xinjiang New Wind Kegongmao Co., Ltd.. On 26 March 2001, that Company received its business license upon registration with the Administration for Industry and Commerce of Xinjiang.

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## LETTER FROM THE BOARD

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The Company was jointly founded by 5 Corporate Shareholders and 9 Individual Shareholders.

Following authorization by the *Notice regarding Approval of the IPO of Xinjiang Goldwind Science & Technology Co., Ltd.* (Zheng Jian Fa [2007] No. 453) issued by the China Securities Regulatory Commission (the “CSRC”) on 5 December 2007, the Company initially offered 50 million Renminbi (“RMB”) denominated ordinary shares to the public and became listed on the Shenzhen Stock Exchange (the “SZSE”) on 26 December 2007.

Business License Number of the Company is: 650000410001060.

**is proposed to be amended to:**

These Articles of Association (these “**Articles**”) have been formulated in order to protect the lawful rights and interests of the Company and its shareholders and creditors, and to govern the activities and organization of the Company. These Articles are formulated in accordance with relevant national laws and administrative regulations, including the *Company Law of the PRC*, the *Securities Law of the PRC*, the *Special Regulations*, the *Mandatory Provisions*, and the *Guidelines on Articles of Association*.

The Company is a company limited by shares incorporated in accordance with the *Company Law of the PRC and other relevant national laws and administrative regulations*.

Following authorization by the *Approval regarding the Incorporation of Xinjiang Goldwind Science & Technology Co., Ltd.* (Xin Zheng Han [2001] No. 29) issued by the government of Xinjiang Uyghur Autonomous Region (“**Xinjiang**”), the Company was established by way of the overall restructuring of Xinjiang New Wind Kegongmao Co., Ltd.. On 26 March 2001, that Company received its business license upon registration with the Administration for Industry and Commerce of Xinjiang.

**The Company was jointly founded by 5 Corporate Shareholders and 9 Individual Shareholders. Each initiator uses their equity shares in the Xinjiang New Wind Engineering and Commercial Co., Ltd. that total RMB32,343,459.10 of book value of net assets and end 31 December 2000 to convert into 32,300,000 shares without discount rate as capital input for the Company. RMB43,459.10 balance has enrolled into capital reserves. All the verified amount has been paid in full on 8 March 2001. Each initiator shareholder and their shareholding and percentage at the time of establishment are as followed:**

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## LETTER FROM THE BOARD

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No.	Name of Initiator	Shareholding (ten thousands shares)	Percentage (%)
1	Xinjiang Wind Power Co., Ltd.	1,232.25	38.15
2	China Water Conservancy Investment Group Co., Ltd.	819.77	25.38
3	Tao Yi	159.24	4.93
4	Xinjiang Wind Power Institute	158.27	4.90
5	Wei Hongliang	125.00	3.87
6	Gu Baoyu	116.93	3.62
7	Xinjiang Solar Energy Technology Development Co., Ltd.	115.31	3.57
8	Wang Bin	105.62	3.27
9	Hu Nan	90.44	2.80
10	Ma Hui	87.53	2.71
11	Wu Gang	63.31	1.96
12	Guo Jian	61.05	1.89
13	Wang Jin	54.26	1.68
14	Beijing Junhe Huiye Investment Consulting Co., Ltd.	41.02	1.27
	Total Capital	3,230.00	100.00

Following authorization by the *Notice regarding Approval of the IPO of Xinjiang Goldwind Science & Technology Co., Ltd.* (Zheng Jian Fa [2007] No. 453) issued by the China Securities Regulatory Commission (the “CSRC”) on 5 December 2007, the Company initially offered 50 million Renminbi (“RMB”) denominated ordinary shares to the public and became listed on the Shenzhen Stock Exchange (the “SZSE”) on 26 December 2007.

Business License Number of the Company is: 650000410001060.

Under the applicable PRC laws, the proposed amendments shall come into effect upon the approval of the Shareholders by way of special resolution at the EGM and upon obtaining all necessary approvals, authorisations, or registration (if applicable), from or filing with the relevant governmental or regulatory authorities.

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## LETTER FROM THE BOARD

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### IV. EXTRAORDINARY GENERAL MEETING

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the continuing connected transactions are required to abstain from voting on the relevant resolution at the EGM. Therefore, China Three Gorges New Energy, Xinjiang Wind Power and their respective associates (holding a total of approximately 862,653,575 A Shares, representing 24.26% equity interest in the Company's issued share capital) are required to abstain from voting on the resolutions in respect of the Continuing Connected Transactions at the EGM.

Mr. Zhao Guoqing, the director of the Company, has abstained from voting at the board meeting approving the above transactions due to his position of the vice general manager in China Three Gorges New Energy. Mr. Gao Jianjun, the director of the Company, has abstained from voting at the board meeting approving the above transactions due to his position of chairman of the board in Xinjiang Wind Power.

The EGM is proposed to be held at Conference Room, No. 8, Boxing Yi Road, Economic & Technological Development District, Beijing, PRC at 2:30 p.m. on Friday, 1 March 2019, at which, among other things, the Continuing Connected Transactions (including the annual caps in relation thereto) and the proposed amendments to the Articles of Association for consideration and, if thought fit, approval.

### V. RECOMMENDATION

The Directors (excluding the independent non-executive Directors) consider the Continuing Connected Transactions are carried out in the ordinary and usual course of business of the Group and on normal commercial terms or better. The Directors are of the view that the terms of the Product Sales Framework Agreement (2019-2021) are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. The Directors (excluding the independent non-executive Directors) also consider the proposed annual caps for such transactions for the years of 2019, 2020 and 2021 to be fair and reasonable.

The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Advisor, is of the view that the terms of the transactions (including basis of pricing) and the proposed annual caps in relation thereto for the years of 2019, 2020 and 2021, are fair and reasonable, in the ordinary and usual course of business of the Group on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole.

Furthermore, the Directors (including the independent non-executive Directors) believe that the proposed amendments to the Articles of Association are in the best interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Accordingly, the Directors (excluding the independent non-executive Directors as regards to the Continuing Connected Transactions) recommend that the Shareholders should vote in favour of all resolutions to be proposed at the EGM.

Yours faithfully,

For and on behalf of the Board

**Xinjiang Goldwind Science & Technology Co., Ltd.**

**WU Gang**

*Chairman*

14 January 2019



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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.\***

**新疆金風科技股份有限公司**

*(a joint stock limited liability company incorporated in the People's Republic of China)*

**Stock Code: 02208**

**Independent Board Committee:**

*Independent Non-executive Directors:*

Mr. Yang Xiaosheng

Mr. Luo Zhenbang

Dr. Tin Yau Kelvin Wong

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 14 January 2019 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of product sales under the Product Sales Framework Agreement (2019-2021) to the Connected Persons Group (the “**Continuing Connected Transactions**”) and the proposed relevant annual caps, and to advise the Independent Shareholders whether, in our opinion, the Continuing Connected Transactions (including the proposed relevant annual caps) are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms or better and are in the interest of the Company and the Shareholders as a whole. Octal Capital Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this respect.

Your attention is drawn to the “Letter from the Board” set out on pages 4 to 14 of the Circular which contains, *inter alia*, information about the Continuing Connected Transactions, and the “Letter from the Independent Financial Advisor” set out on pages 17 to 34 of the Circular which contains its advice in respect of the terms of the Continuing Connected Transactions and the proposed annual caps in relation thereto.

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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As your Independent Board Committee, we have discussed with the management of the Company the reasons for entering into the Continuing Connected Transactions (including the proposed relevant annual caps) and the basis of pricing. We have also considered the principal factors and reasons taken into account by the Independent Financial Advisor in arriving at its opinion regarding the Continuing Connected Transactions as set out in the letter from the Independent Financial Advisor contained in this Circular, which we urge you to read carefully.

Having considered the advice given by the Independent Financial Advisor, we consider that the Continuing Connected Transactions are in the usual and ordinary course of business of the Group and the terms of the Product Sales Framework Agreements (2019-2021) and the proposed annual caps in relation thereto, so far as the Independent Shareholders are concerned, are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions in respect of the Continuing Connected Transactions to be proposed at the EGM.

Yours faithfully,

**Independent Board Committee**

**Yang Xiaosheng**

*Independent non-executive  
director*

**Luo Zhenbang**

*Independent non-executive  
director*

**Tin Yau Kelvin Wong**

*Independent non-executive  
director*

14 January 2019

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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Octal Capital Limited  
801-805, 8th Floor, Nan Fung Tower  
88 Connaught Road Central  
Hong Kong

14 January 2019

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SALE OF WIND TURBINE GENERATORS**

#### **INTRODUCTION**

We refer to our appointment as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions (the “**Continuing Connected Transactions**”) and the proposed annual cap of sale of WTGs to the Connected Persons Group for the years ending 31 December 2019, 2020 and 2021 (the “**Proposed Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) as contained in the circular of the Company to the Shareholders dated 14 January 2019 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, each of Xinjiang Wind Power and China Three Gorges New Energy is a connected person of the Company by virtue of being a substantial shareholder of the Company. Xinjiang Wind Power is also an associate of China Three Gorges New Energy as China Three Gorges New Energy holds more than 30% of its issued share capital. Accordingly, the continuing transaction with any member of the Connected Persons Group which comprises of Xinjiang Wind Power, China Three Gorges New Energy and each of their respective associates, constitutes a continuing connected transaction for the Company.

An Independent Board Committee, comprising of all independent non-executive Directors, namely Dr. Tin Yau Kelvin Wong, Mr. Yang Xiaosheng and Mr. Luo Zhenbang, has been formed to advise the Independent Shareholders in respect of the fairness and reasonableness of the Continuing Connected Transactions and the Proposed Annual Caps. We, Octal Capital Limited, have been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. China Three Gorges New Energy, Xinjiang Wind Power and their respective associates are required to abstain from voting on the resolutions in respect of the Continuing Connected Transactions at the EGM.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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We are not connected with the Directors, chief executive and substantial shareholders of the Company or China Three Gorges New Energy or Xinjiang Wind Power or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. We were not aware of any relationships or interests between the Company and us during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to our independence to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders. Besides, apart from the advisory fee payable to us in connection with our appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Products Sale Framework Agreement and the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company, respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Company, China Three Gorges New Energy and Xinjiang Wind Power and any of their respective subsidiaries and their respective associates, nor have we carried out any independent verification of the information supplied to us.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps, we have taken into consideration the following principal factors and reasons:

#### 1. Information of the Group

The Group is principally engaged in research and development, manufacture and sale of WTGs, the provision of wind power services and wind farm investment and development.

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 December 2015, 2016 and 2017, the six months ended 30 June 2017 and the six months ended 30 June 2018 as extracted from the annual reports of the Company for the three years ended 31 December 2015, 2016 and 2017 and the interim report of the Company for the six months ended 30 June 2018, respectively:

	For the year ended 31 December			For the six months ended	
	2015	2016	2017	30 June	2018
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
<b>RMB million</b>					
Revenue	29,846	26,174	24,971	9,780	10,961
– WTGs manufacturing	26,858	22,264	19,346	7,264	7,988
– Wind power services	1,282	1,246	2,057	710	620
– Wind farm investment and development	1,553	2,414	3,247	1,658	2,012
– Others	153	250	321	148	341
Net profit attributable to shareholders of the Company	2,849	3,003	3,055	1,133	1,530

We noted from the above table that the Group's revenue decreased by approximately 4.6% from approximately RMB26,174 million for the year ended 31 December 2016 (“FY2016”) to approximately RMB24,971 million for the year ended 31 December 2017 (“FY2017”). With reference to the annual report of the Company for FY2017, the decrease in revenue for FY2017 was primarily due to the decrease in revenue from WTGs manufacturing from approximately RMB22,264 million for FY2016 to approximately RMB19,346 million for FY2017. The Group also recorded a slight increase of approximately 1.7% in net profit attributable to shareholders of the Company for FY2017 as compared to that for FY2016, which was mainly attributable to (i) the increase of other income and gains; (ii) the decrease of selling and distribution expenses; (iii) the decrease of other expenses; and (iv) the decrease of income tax expenses during the year.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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With reference to the annual report of the Company for FY2016, the Group's revenue decreased by approximately 12.3% from approximately RMB29,846 million for the year ended 31 December 2015 ("FY2015") to approximately RMB26,174 million for FY2016. Such decrease was mainly due to the decrease in revenue from WTGs manufacturing from approximately RMB26,858 million for FY2015 to approximately RMB22,264 million for FY2016. The Group also recorded an increase of approximately 5.4% in net profit attributable to shareholders of the Company for FY2016 as compared to that of FY2015, which was mainly attributable to (i) the increase of other income and gains; (ii) the decrease of selling and distribution expenses; and (iii) the increase of share of profits of joint ventures during the year.

With reference to the interim report of the Company for the six months ended 30 June 2018, the Group's revenue increased by approximately 12.1% from approximately RMB9,780 million for the six months ended 30 June 2017 ("FH2017") to approximately RMB10,961 million for the six months ended 30 June 2018 ("FH2018"). The increase in revenue for FH2018 was primarily due to (i) the steady development of China's wind power industry in the first half of 2018 and the high market recognition of the Group's products; (ii) the increase in wind farm capacity of the Group and the improvement in the situation of wind power curtailment; and (iii) the contribution from the Group's investment in the field of innovation business. The Group also recorded an increase of approximately 35.0% in net profit attributable to shareholders of the Company for FH2018 as compared to that of FH2017, which was mainly attributable to (i) the increase of gross profit; and (ii) the increase of share of profits of joint ventures and associates during the period.

## 2. Continuing Connected Transactions

### a) *Terms and Pricing*

The Group has sold and will continue to sell WTGs to the Connected Persons Group in the ordinary and usual course of business. All the sale of WTGs to the members of Connected Persons Group under a stated-owned enterprise are required to be conducted through tender process in accordance with the applicable laws and regulations of the PRC, namely Tender and Bidding Law of the People's Republic of China (《中華人民共和國招投標法》). The relevant companies forming part of the Connected Persons Group will invite bids for the WTGs proposed to be purchased in accordance with the laws and regulations of the PRC, and the Group, as the tenderer, shall submit tender documents in response to the invitation to tender. The terms and selling price in respect of the sale of WTGs will be determined through the tender process if the sale is conducted through a public tender. The Group will then enter into written agreements with the relevant members of the Connected Persons Group in respect of each individual connected transaction for the sale of WTGs after winning a tender.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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To assess the reasonableness of the terms and pricing of the public tender process with the Connected Persons Group, we have obtained and reviewed the tender procedures handbook of the Group and the Products Sale Framework Agreement entered by the Group with the Connected Persons Group. We noted that the Group will determine the prices of WTGs in the tender process to the Connected Persons Group based on the methods and procedures as required under public tender process. The main public tender process of the Group includes (i) initial assessment of new tender and conduct risk analysis; (ii) cost planning and budgeting; (iii) preparation of tender report and tender documents; and (iv) tender submission. In assessing whether the Group will participate in each tender, the Group takes into account of the factors including but not limited to technical requirements, quantity specifications, expected completion time, customers' expectations and the possible risks in relation to the tender, such as geographical risk, late delivery risk, transportation risk and storage risk.

The Group has put in place a sales supervision system. The Group has established a price management committee (the “**Committee**”) to fix and review the guidance price for the Group's products. The Committee comprises of the president, chief financial officer, vice president of the operation department, general manager of WTGs business, general manager of research and development department, general manager of domestic sales department, general manager of international business department, general manager of a wholly owned subsidiary of the Company (Beijing Tianrun New Energy Investment Company Limited), and marketing and public relationship director. As at the Latest Practicable Date, the Committee has nine members. The Committee will fix and review the guidance price for the Group's products each year based on the Group's development strategy, the historical selling price of WTGs in past twelve months and the prices of WTGs quoted by the Group's competitors. The Committee will further review and revise the guidance price if there is any substantial change of the market conditions, the conditions of the competitors and the production costs. The guidance price will be within the range of the highest market price and the lowest market price of same type of WTGs during the same period. Each time before making a bid, the Group's sales director will base on the guidance price and internal tiered authorization system, and other factors including the delivery location which would affect the transportation cost, the duration of the product guarantee, the demand of customers, the competitors' quotation strategy and other ancillary services requirements to fix the bidding prices. The Group's finance department will review the bidding prices to confirm whether they are in compliance with the guidance price to ensure that the prices of the products quoted to the Connected Persons Group are no less favourable than those to independent third parties. The bidding prices will then be reviewed by the supply chain, production and manufacturing, research and development, audit and legal departments in combination with the latest selling prices of the Group's products and the quotations of the competitors to ensure reasonable bidding prices and avoid improper pricing.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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After winning a tender, the Group will enter into written agreements with the relevant members of the Connected Persons Group in respect of each individual connected transaction of product sale. Pursuant to the Products Sale Framework Agreement, the prices for the sale of WTGs shall be determined through the tender bidding process. We have obtained and reviewed a project list which sets out the details of WTGs being sold to the Connected Persons Group and the independent third parties for the six months ended 30 June 2018. During the period, we noted that the majority of WTGs sold by the Group during the period was the WTGs with unit capacity of 2.0MW (“**2.0MW WTGs**”), accounted for approximately 73.0% of total sales volume of the Group’s WTGs during the period. Therefore, we consider the comparison of 2.0MW WTGs is meaningful and representative for assessment. Upon comparison, we noted that the prices of 2.0MW WTGs sold to the Connected Persons Group and to the independent third parties were close to each other during the period. Hence, we consider the prices of products sold to the Connected Persons Group are no more favourable to the Connected Persons Group than the prices of products sold to independent third parties.

In addition, we have obtained and reviewed the sales breakdown of the Company for the two years ended 31 December 2016 and 2017 and the nine months ended 30 September 2018. We noted that (i) the major customers of the Group which are independent third parties contributed over 50% of the total revenue of WTG manufacturing generated from independent third parties; and (ii) those major customers are repeated customers of the Group. Hence, we have obtained and reviewed a total of 6 executed agreements (the “**Executed Agreements**”) between the Group and the Connected Persons Group, in particular, 2 executed agreements for each of the period for the two years ended 31 December 2016 and 2017 and the nine months ended 30 September 2018, respectively. We have also obtained and reviewed a total of 30 samples of agreements between the Group and those major customers of the Company (the “**Sample Agreements**”), in particular, 10 sample agreements for each of the period for the two years ended 31 December 2016 and 2017 and the nine months ended 30 September 2018, respectively. In view of the above, we consider the total number of agreements which we have reviewed is fair and representative. We noted that each of those major customers used similar terms in their respective agreements with the Group during the period and the scope of the Executed Agreements and the Sample Agreements covers provision of different products and services but, in general, the principal terms are similar and comparable, in particular (i) the settlement schedule for the payment of majority of contract sum would be settled within 30 days after the date of delivery of WTGs usually; (ii) the penalty relating to late delivery and the rights to terminate the agreements; and (iii) the warranty period of around 3 to 5 years and the responsibilities of the Group in case of any defects of the WTGs during the warranty period. Hence, we consider the principal terms of the Executed Agreements are no more favourable to the Connected Persons Group than those to independent third parties.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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In view that (i) the prices for the sale of WTGs to the Connected Persons Group and to the independent third parties were close to each other; and (ii) the principal terms as shown above in the Executed Agreements and the Sample Agreements are similar and comparable, we are of the view that the pricing and principal terms of the Products Sale Framework Agreement are on normal commercial terms, no more favourable to Connected Person Group, and are fair and reasonable so far as the Independent Shareholders are concerned.

***b) Comparison between sale of WTGs to the Connected Persons Group and the segment revenue of WTGs manufacturing for the two years ended 31 December 2016 and 2017 and for the nine months ended 30 September 2018, respectively***

With reference to the Letter from the Board and the section headed “Information of the Group” above, the segment revenue of WTGs manufacturing and sale of WTGs to the Connected Persons Group are set out as follows:

	For the year ended 31 December 2016 (audited)	For the year ended 31 December 2017 (audited)	For the nine months ended 30 September 2018 (unaudited)
<b>RMB million</b>			
Segment revenue of WTGs manufacturing	22,264	19,346	13,275
Sale of WTGs to the Connected Persons Group	979	202	722
In percentage terms	4.4%	1.0%	5.4%

The Sales of WTGs to the Connected Persons Group represents approximately 4.4%, 1.0%, and 5.4% of the Segment revenue of WTGs manufacturing for the two years ended 31 December 2016 and 2017, and for the nine months ended 30 September 2018, respectively.

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**LETTER FROM INDEPENDENT FINANCIAL ADVISOR**

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*c) Basis for determining the Proposed Annual Caps*

The existing annual caps, sale of WTGs to the Connected Persons Group, utilisation rate and the Proposed Annual Caps are set out as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ending 31 December 2018
<b>RMB million</b>			
Existing annual caps	3,214	4,020	4,410
Sale of WTGs to the Connected Persons Group	979	202	963
			(annualised figure based on sales for the nine months ended 30 September 2018)
Utilisation rate	30.5%	5.0%	21.8%
	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
<b>RMB million</b>			
Proposed Annual Caps	2,946.9	2,127.3	2,427.1

Based on the first table above, the existing annual caps for the sale of WTGs to the Connected Persons Group for the two years ended 31 December 2016 and 2017 and the year ending 31 December 2018 were approximately RMB3,214 million and RMB4,020 million and RMB4,410 million, respectively. The transaction value of RMB979 million for FY2016 represents approximately 30.5% of the annual cap of 2016. The transaction value of RMB202 million for FY2017 represents approximately 5.0% of the annual cap of 2017. The annualised transaction value of RMB963 million for the year ending 31 December 2018, which is the annualised figures based on the actual transaction value of RMB722 million for the nine months ended 30 September 2018, represents approximately 21.8% of the 2018 annual cap. Accordingly, we noted that the utilisation rates of the annual caps in the years from 2016 to 2018, in particular the 2017 annual cap, are relatively low. Based on our discussion with the management of the Company, this was mainly due to the postponement of certain planned onshore wind farm projects by the Connected Persons Group in 2016 and 2017 as a result of the notices, namely “The Results of Monitoring and Early Warning of Wind Power Investment in 2016” 《2016年度風電投資監測預警結果的通知》 and “The Results of Monitoring and Early Warning of Wind Power Investment in 2017” 《2017年度

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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風電投資監測預警結果的通知》(collectively, the “**Notices**”) issued by the National Energy Administration of the PRC (the “**NEA**”) in July 2016 and February 2017, respectively. The Notices were published to solve the issues of low utilisation of wind power energy as several provinces in the northern region of the PRC were regarded as the red alert areas for development and construction of wind power, in which construction of new wind power projects would not be approved. Therefore, the originally planned orders and the delivery schedules of WTGs in those provinces were postponed. To cope with the impacts arising from the Notices, we understand from the management of the Company that the Connected Persons Group commenced to expand its offshore wind power generation business in southern region of the PRC in 2016.

With reference to the Letter from the Board, the Proposed Annual Caps for each of the three years ending 31 December 2019, 2020 and 2021, respectively, have been determined by taking into account the tenders submitted to the members of the Connected Persons Group, the available information about the business plan of the Connected Persons Group and the likelihood in which the Group is expected to win in the bids. To assess the reasonableness of the Proposed Annual Caps for the three years ending 31 December 2019, 2020 and 2021, we have discussed with the management of the Company and obtained the breakdown of the Proposed Annual Caps (the “**Breakdown**”). The summary of the Breakdown are set out as below:

	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
<b>Expected capacity to be sold (KW)</b>			
– Onshore WTGs	215,900	151,000	151,000
– Offshore WTGs	309,300	272,100	322,500
<b>Average price (RMB/KW)</b>			
– Onshore WTGs	3,440	2,931	2,931
– Offshore WTGs	5,884	5,172	5,172
<b>Proposed Annual Caps (RMB million)</b> <sup>Note</sup>			
– Onshore WTGs	854.0	509.0	509.0
– Offshore WTGs	2,092.9	1,618.3	1,918.1
<b>Total</b>	<b>2,946.9</b>	<b>2,127.3</b>	<b>2,427.1</b>

*Note:*

The Proposed Annual Caps are calculated by: (expected capacity to be sold x average price) × (1 + buffer of 15%)

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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We noted that the proposed annual cap for the year ending 31 December 2019 was mainly determined on the basis of (i) the existing purchase orders of WTGs of approximately RMB2,562 million placed by the Connected Persons Group under successful tenders; and (ii) a buffer of 15% (the “**Buffer**”) based on the aforementioned sales orders of WTGs placed by the Connected Persons Group. We have obtained and reviewed a list of purchase orders (the “**Purchase Orders List**”) placed by the Connected Persons Group for WTGs from the Company and understood that the purchase orders placed by the Connected Persons Group amounting to approximately RMB2,562 million, representing majority of the proposed annual cap for the year ending 31 December 2019, are legally binding and the relevant products of the purchase orders will be delivered to the Connected Persons Group in 2019. Based on the latest information provided by the Company, the WTGs agreements with the Connected Persons Group for those existing purchase orders of WTGs amounting to approximately RMB2,562 million have been signed. Moreover, according to the statistics from the management of the Company, the total amount of tenders pending to be submitted to the Connected Persons Group is approximately RMB929 million as at 30 June 2019. Therefore, the expected amount of the successful tenders based on the tender success rate of the Group (the “**Tender Success Rate**”) will be approximately RMB372 million, which is close to the Buffer adopted in determining the proposed annual cap in 2019 amounting to approximately RMB384 million. After considering the delivery cycle and on-site construction conditions, and taking into account the belowmentioned impact of the tariff adjustment, the WTGs under the successful tenders in 2019 may be delivered within 2019. Based on above, we concur with the view of the management of the Group that the Buffer is appropriate for the existing purchase orders of WTGs placed by the Connected Persons Group.

In addition, we have discussed with the management of the Company about the business plan of the Connected Persons Group and understood that the Proposed Annual Caps for the two years ending 31 December 2020 and 2021 were mainly determined by (i) the average price per kilowatt (“**KW**”) of WTGs (the “**Average Price**”) according to the recent trend of market price in the industry; (ii) the expected capacity of WTGs (in KW) to be sold to the Connected Persons Group through successful tenders during each of the years ending 31 December 2020 and 2021 (the “**Demand**”); and (iii) the Buffer.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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According to the Breakdown, we noted that the Average Price was calculated by dividing the estimated price of WTGs by amount of electricity output in KW. The Average Price of the Proposed Annual Caps for onshore WTGs is expected to decrease from RMB3,440/KW in 2019 to RMB2,931/KW in 2020 and 2021, while that of the Proposed Annual Caps for offshore WTGs is expected to decrease from RMB5,884/KW in 2019 to RMB5,172/KW in 2020 and 2021, aligning with the trend of the historical Average Price. As advised by the management of the Company, we understand that the decreasing trend in the Average Price is mainly due to the improved efficiency for both onshore and offshore wind power generation in recent years. According to the strategic plan namely “Thirteenth Five-year Plan on Wind Power Development” 《風電發展“十三五”規劃》 published by the NEA in November 2016, the development and utilisation cost of wind power had decreased by approximately 30% globally for the past five years as a result of the continuing technology enhancement of wind power generator. Hence, we agreed with the Company that with the progressive efficiency of the wind power generator, the Average Price is expected to demonstrate a decreasing trend in the coming years.

Moreover, as advised by the management of the Company, we noted that the Group has built in the Tender Success Rate in determining the Demand. In this regard, we obtained the historical tender success rate for the Connected Persons Group related to tenders of WTGs (the “**Historical Tender Success Rate**”) for the two years ended 31 December 2016 and 2017 and the nine months ended 30 September 2018 and understand that the Tender Success Rate adopted in the projection is a rounded up figure of the lowest tender success rate during the period, representing that the Group has adopted a prudent approach in determining the Demand. No buffer was taken into account in the determining the Tender Success Rate. Moreover, we noted that the Demand in 2020 is expected to decrease when compared to that in 2019 and the Demand in 2021 is expected to increase thereafter. To assess the reasons for such change in the Demand, we have reviewed the Breakdown and noted that the management of the Company has assumed that (i) the Demand in 2020 is expected to decrease after the peak period of bulk approval for the release of wind power farm construction in 2018 which is expected to stimulate the Demand in 2019; and (ii) the Demand in 2021 is expected to increase when compared to that in 2020, which is mainly attributable to the expected increase in demand of WTGs for offshore wind farm as a result of the government’s policies to promote the development of offshore wind farm to be mentioned below, while the demand of WTGs for onshore wind farm will remain constant.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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Pursuant to “Notice of the National Development and Reform Commission on Adjusting the On-grid Electricity Price of Photovoltaic Power Generation Onshore Wind Power” 《國家發展改革委關於調整光伏發電陸上風電標杆上網電價的通知》 released by the National Development and Reform Commission (“NDRC”) on 26 December 2016. We noted that the government had lowered the benchmark on-grid tariffs of photovoltaic power farms built after 1 January 2017 and onshore wind farms obtaining construction approvals after 1 January 2018. The new on-grid tariffs for newly built onshore wind farms decreased from the range of RMB0.47 to RMB0.60 per KW to RMB0.40 to RMB0.57 per KW (the “**Tariff Adjustment**”) since 1 January 2018. However, the power generation companies, which were approved for the wind farms construction before 1 January 2018 and would be able to commence the construction of the wind farms by the end of 2019, would be entitled to adopt the previous on-grid tariffs before the Tariff Adjustment. As a result, it is expected that the number of wind farm construction will increase in 2019 after the release of bulk approval of wind farm construction which in turn will stimulate the Demand in 2019. Besides, given the Tariff Adjustment, the Demand in 2020 and 2021 are expected to be less than the Demand in 2019. Further, we noted the average amount of historical successful tenders for the two years ended 31 December 2016 and 2017 and nine months ended 30 September 2018 of approximately RMB1,800 million (calculated by the average of the historical capacity under successful tenders by multiplying the average price per KW sold to the Connected Persons Group in 2018), hence, we are of the view that the estimated level of the Demand in 2020 is acceptable.

To assess the Company’s projection on the increase in Demand from 2020 to 2021, we have researched and assessed the future demand of WTGs for offshore wind farm. According to an article namely “China’s Offshore Wind Power Capacity Ranked the Third in the World” 《我國海上風電裝機規模全球第三》 published on the NEA’s website on 21 June 2018, the market of WTGs for offshore wind farm in the PRC will have high growth potential. We noted that offshore wind farm enjoys the following advantages: (i) the offshore wind speed tends to be faster than that of onshore, resulting in higher power potential and efficiency; (ii) the offshore wind speed tends to be steadier than that of onshore; and (iii) there is more installing capacity in oceanic water due to the scarcity of land. Also, the PRC government has intended to further increase the proportion of clean energy consumption to total energy consumption by continually encouraging the development of offshore wind power generation. Therefore, it is expected that the demand of the WTGs for offshore wind farm will experience a faster growth than the demand of the onshore wind farm, while the onshore wind farm will grow at a relatively moderate pace. Based on our further discussion with the Company, we also understand that the Connected Persons Group will focus on operating offshore wind farms. As such, the Group is expected to benefit from the increasing demand of the high-capacity-WTGs which are specifically used for offshore wind farms. Having considered the above factors, we are of the view that the increase in Demand from 2020 to 2021 is in line with the future prospect of the offshore wind farm development.

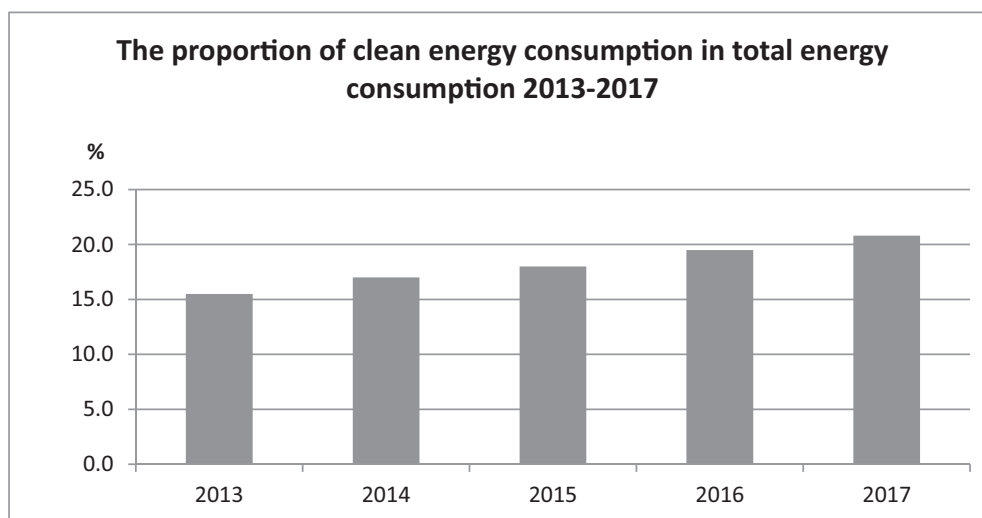
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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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In respect of the Buffer, we understand from the management of the Company that the Buffer aims to cater for any unexpected increase in sale of WTGs to the Connected Persons Group during the term of the Products Sale Framework Agreement. In this regard, we have obtained and reviewed the historical pricing records for WTGs of the Group during the two years ended 31 December 2016 and 2017 and the nine months ended 30 September 2018. We noted that (a) different specifications of WTGs were demanded by the Connected Persons Group; (b) the prices of different specifications of WTGs varied; and (c) an increase in sales volume of WTGs for offshore wind farm approximately 241% from 2016 to 2017 and the sales volume of WTGs for offshore wind farm for the nine months ended 30 September 2018 has already exceeded the full year amount in 2017. On the other hand, the Group has been and will continue to devote more resources on research and development to improve the technical applicability and performance of its WTGs for offshore wind farm in order to enhance its competitiveness. Having considered that (i) the exact models of WTGs to be ordered by the Connected Persons Group are not predictable as they will be subject to customers' specific requirements in the future; (ii) the unexpected historical increase in purchase volume of WTGs for offshore wind farm from the Connected Persons Group; (iii) the technological improvement on the Group's WTGs for offshore wind farm may enhance the future tender success rate of the Group; and (iv) the Buffer is meant to provide more room for the Group to secure more business contracts from the Connected Persons Group if circumstances allow and the provision of the Buffer has no negative implications to the Group, we are of view that the Buffer determined by the Group is fair and reasonable.

To further assess the future prospect of the overall wind power industry in the PRC and the expected demand of wind power farm in the near future, we have researched and reviewed the relevant government policies in the PRC. According to the "2017 National Economic and Social Development" 《2017年國民經濟和社會發展統計公報》 issued by the Statistical Communique of the People's Republic of China on 28 February 2018, the proportion of clean energy consumption in total energy increased from approximately 15.5% in 2013 to approximately 20.8% in 2017, representing a compound annual growth rate of approximately 7.6%. In particular, the usage of wind power energy has increased by approximately 13.2% and 10.5% in 2016 and 2017, respectively. With an increasing trend of clean energy consumption and the significant growth rate of wind power energy in the year of 2016 and 2017, we are of the view that the overall wind power industry of the PRC in the near future is optimistic.



Source: Statistical Communique of the People's Republic of China

In addition, the PRC government has issued a number of policies in recent years, regarding industry supervision, installation planning, and subsidy mechanism in order to promote the use of the non-fossil energy, to drive the upgrade and transformation of the energy structure, and to boost sustainable and healthy development of renewable energy represented by wind power. According to the strategic plan of “Thirteenth Five-year Plan on Wind Power Development” 《風電發展“十三五”規劃》 published by the NEA in November 2016, it guides the change of wind power construction layout from the “Three North” region to the central-eastern region and South China, where the consumption capacity is higher. Pursuant to the guidance letter titled “Guiding Opinions on Energy Related Work for 2018” 《2018年能源工作指導意見》 released by the NEA on 26 February 2018, the PRC government declared that the scale of clean energy should be further expanded, particularly on wind power energy. The guidance also proposes to push forward the preliminary work of wind power projects in some areas and to promote the construction of offshore wind power actively, through exploring offshore wind power model project in Shanghai’s far-reaching seas and accelerating the development of distributed wind power. The State Council also issued the “Opinions on Strengthening Ecological and Environmental Protection and Resolutely Fighting Pollution” (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的意見》) and the “Notice on Printing the Three-Year Action Plan of Winning the Blue Sky Defense War” (《關於印發打贏藍天保衛戰三年行動計畫的通知》) on 26 June and 3 July of 2018, respectively. The policy advocates the use of clean energy, broadening channels for clean energy consumption and the implementation of full-guaranteed purchase of renewable energy power under the framework of ecological and environmental protection and on the basis of energy structure optimization.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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On 3 April 2018, the NEA issued the “Interim Measures for the Development and Construction of Distributed Wind Power Projects” (《分散式風電項目開發建設暫行管理辦法》) to simplify wind power project approval process under the guidance of relevant national plans, to guarantee grid connection conditions and subsidies, and to encourage innovation in the business model of distributed wind power projects. Moreover, the Treasury, the NDRC and the NEA jointly issued the “Notice on Announcing the Catalogue of Additional Financial Subsidy for Renewable Energy Prices (7th Batch)” (《關於公佈可再生能源電價附加資金補助目錄(第七批)的通知》) on 11 June 2018, which sets out the scope of subsidy grants, covering renewable energy power generation projects across wind, photovoltaic, and biomass power and so on.

To enhance market competitiveness of renewable energy, the NEA issued the “Notice on Prompting Power Generation Right Trading” (《關於進一步促進發電權交易有關工作的通知》) on 27 April 2018, the NDRC and the NEA jointly issued the “Notice on Further Promoting the Marketization of Power Market Transactions and Completing Trading Mechanism” (《關於積極推進電力市場化交易進一步完善交易機制的通知》) on 16 July 2018. The policies above explicitly require (i) the increase in the volume of market-based power trade; (ii) the firm establishment of a clean energy quota system to support power users to conduct market-oriented transactions with clean energy power enterprises such as hydro, wind, solar, and nuclear power firms; and (iii) further promotion of cross-provincial and cross-regional power transactions and other means to increase the consumption of clean energy.

Under the influence of the above policies, the wind power industry continues to develop steadily in the first half of 2018. According to the NEA, the newly grid-connected national wind power capacity reached 7.94 million KW in the first half of 2018 and the cumulative grid-connected wind power capacity in China reached 171.6 million KW. By the end of June 2018, the national wind power generation capacity was 191.7 billion KW, representing an increase of approximately 28.7% as compared to the corresponding period in 2017.

Having considered the above favourable government policies, we are of the view that the prospect of wind power industry is positive in the near future, which is in line with the Company’s view on the Demand during the term of the Products Sale Framework Agreement.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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In light of the above analysis when determining the Proposed Annual Caps and taking into account that the Company has considered, in particular, (i) the existing purchase orders placed by the Connected Persons Group under successful tenders; (ii) the existing and expected tenders for WTGs with the Connected Persons Group; (iii) the estimated Demand of WTGs from the Connected Persons Group; (iv) the Average Price is in line with the recent pricing of wind power equipment in the industry; (v) the basis of the Buffer; and (vi) the future prospect of the wind power industry after considering the abovementioned government policies, we are of the view that the basis adopted by the Company in determining the Proposed Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned.

### **3. Reasons for and benefits of entering into the Continuing Connected Transactions**

With reference to the Letter from the Board, the Group has been carrying out the above-stated transactions with the Connected Persons Group in its ordinary and usual course of business and such transaction is expected to continue. The Group has conducted continuing connected transactions with the Connected Persons Group for many years and has built a long term strategic and solid business relationship with them. The Directors hold the view that it is in the interests of the Company as a whole to continue such transaction and the Company will continue to benefit from the Continuing Connected Transactions, which will ensure and enhance its operation efficiency and business stability.

Based on our discussion with the management of the Company, we understand that the Group has become one of the authorised suppliers for supplying WTGs to the Connected Persons Group since 2011. Among the previous transactions between the Group and the Connected Persons Group, the Connected Persons Group has been able to settle the amounts payable to the Group before due dates and has not involved in any dispute with the Group with regard to product quality, delivery and settlement such that the Group and the Connected Persons Group have been able to work effectively and efficiently.

In view of the long-term and efficient cooperation relationship with the Connected Persons Group and the proven settlement record and business track record with the Group, we are of the view that the entering into the Products Sale Framework Agreement, which will allow the Group to maintain its revenue source and mitigate the risk arising from identifying and establishing new business relationship, is in the ordinary and usual course of business of the Group and is in the interest of the Company and the Independent Shareholders as a whole.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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### 4. Internal control measures

In compliance with the annual review requirements under Chapter 14A of the Listing Rules, the policies of the Company governing the Continuing Connected Transactions are set out below:

- (i) For each of the three years ending 31 December 2019, 2020 and 2021, the independent non-executive Directors will review the Continuing Connected Transactions and confirm in the Company's annual report and accounts that the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms or, if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties, and are conducted according to the terms of agreement of the relevant transaction, where the terms of the agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole;
- (ii) For each of the three financial years ending 31 December 2019, 2020 and 2021, the auditors of the Company will provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) confirming that the Continuing Connected Transactions (a) have received the approval of the Board; (b) are in accordance with the requirements of pricing policies of the Company; (c) have been entered into in accordance with the relevant agreement governing the transaction; and (d) have not exceeded the Proposed Annual Caps;
- (iii) The Company's auditors and local department will confirm that the respective counterparts to the Continuing Connected Transactions have allowed them sufficient access to their records for the purpose of report on the transaction and the Board will state in the annual report whether its auditors have confirmed the matters stated in paragraph (ii) above;
- (iv) The Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) above, respectively.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISOR

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In reviewing the existing internal control measures concerning the Proposed Annual Caps, the following due diligence works have been performed: (i) review of summary of relevant historical connected transaction concerning the sale of WTGs to the Connected Persons Group for the two years ended 31 December 2016 and 2017 and the nine months ended 30 September 2018; (ii) review of announcement of the Company in relation to the board resolutions of the Continuing Connected Transactions; (iii) review of auditor's report for the three years ended 31 December 2015, 2016 and 2017 concerning the historical connected transaction concerning the sale of WTGs to the Connected Persons Group; (iv) review of connected transaction management rules of the Company; and (v) review of the internal control procedure document provided by the Company.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Proposed Annual Caps; (ii) the internal control procedures governing the Continuing Connected Transactions of the Group; and (iii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Continuing Connected Transactions and the Proposed Annual Caps not being exceeded, we hold the view that appropriate measures have been in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

### 5. Recommendation

Having considered the above principal factors and reasons, we are of the view that (i) the terms of Products Sale Framework Agreement are on normal commercial terms and are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; and (ii) the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution(s) at the EGM for approving the Continuing Connected Transactions (including the Proposed Annual Caps).

Yours faithfully,  
For and on behalf of  
**Octal Capital Limited**

**Alan Fung**  
*Managing Director*

**Louis Chan**  
*Director*

*Note:* Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 23 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 16 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**DISCLOSURE OF INTERESTS****1. Directors, supervisors or chief executive's interests in securities**

Save as disclosed, as at the Latest Practicable Date, none of the Directors or chief executive of the Company has any interest or short position in the Shares, convertible securities, warrants, options or derivatives, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to be the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

Long position:

Name	Capacity	Share Category	Number of Shares	As a Percentage of A Shares	As a Percentage of Total Shares
Mr. Wu Gang <sup>1</sup>	Beneficial owner	A Shares	52,217,152	1.80%	1.47%
Mr. Wang Haibo <sup>2</sup>	Beneficial owner	A Shares	715,000	0.02%	0.02%
Mr. Cao Zhigang <sup>3</sup>	Beneficial owner	A Shares	12,893,431	0.44%	0.36%

*Note:*

1. Mr. Wu Gang is the chairman and an executive Director of the Company.
2. Mr. Wang Haibo is the executive Director of the Company.
3. Mr. Cao Zhigang is an executive Director of the Company.

## 2. Substantial shareholder's and other persons' interests in securities

As at the Latest Practicable Date, as far as known to the Directors, the following persons had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO:

A Shares:

Name of Shareholder	Share Category	Number of Shares	As a Percentage of A Shares	As a Percentage of Total Shares
Xinjiang Wind Power <sup>1</sup>	A Shares	488,696,502	17.13%	13.74%
Hexie Health Insurance Co., Ltd.	A Shares	479,483,649	16.50%	13.48%
China Three Gorges New Energy <sup>2,3</sup>	A Shares	862,653,575	29.68%	24.26%
China Three Gorges <sup>4</sup>	A Shares	862,653,575	29.68%	24.26%

Notes:

1. Mr. Gao Jianjun, a non-executive Director of the Company, is the chairman of the board of Xinjiang Wind Power. Mr. Luo Jun and Ms. Xiao Hong, both a supervisor of the Company, are an employee of Xinjiang Wind Power.
2. China Three Gorges New Energy directly holds 373,957,073 A Shares. China Three Gorges New Energy and China Three Gorges hold 43.33% of the issued share capital of Xinjiang Wind Power. Under the SFO, besides directly holding interests in our Company, China Three Gorges New Energy is deemed to be interested in the 488,696,502 A Shares held by Xinjiang Wind Power.
3. Mr. Zhao Guoqing, the director of the Company, has abstained from voting at the board meeting approving the above transactions due to his position of the vice general manager in China Three Gorges New Energy. Mr. Wang Mengqiu, a supervisor of the Company, is an employee of the China Three Gorges New Energy.
4. China Three Gorges is the holding company of China Three Gorges New Energy. Under the SFO, the 488,696,502 A Shares held by Xinjiang Wind Power in which China Three Gorges New Energy is deemed to be interested, and the 373,957,073 A Shares directly held by China Three Gorges New Energy are deemed to be the interests of China Three Gorges in our Company.

H Shares:

(L) – Long Position

Name of Shareholder	Capacity	Number of Shares	As a Percentage of H Shares	As a Percentage of Total Shares
Anbang Insurance Group Co., Ltd. <sup>1</sup>	Interest of controlled corporation	53,591,200 (L)	8.24%	1.51%
Anbang Life Insurance Co., Ltd. <sup>1</sup>	Interest of controlled corporation	53,591,200 (L)	8.24%	1.51%
Anbang Wealth Insurance Co., Ltd. <sup>1</sup>	Interest of controlled corporation	53,591,200 (L)	8.24%	1.51%
Anbang Assets Management (Hong Kong) Co., Ltd. <sup>1</sup>	Beneficial owner	53,591,200 (L)	8.24%	1.51%

Notes:

1. Anbang Insurance Group Co., Ltd. (“**Anbang Group**”) holds 99.98% of the equity interests of Anbang Life Insurance Co., Ltd. (“**Anbang Life**”). Anbang Group and Anbang Life hold 48.92% and 48.65%, respectively, of the equity interests of Anbang Wealth Insurance Co., Ltd. (“**Anbang Wealth**”). Anbang Wealth holds 100% of the equity interests of Anbang Assets Management (Hong Kong) Co., Ltd. Under the SFO, each of Anbang Group, Anbang Life and Anbang Wealth is deemed to be interested in the 53,591,200 H Shares held by Anbang Assets Management (Hong Kong) Co., Ltd.

Other than the information disclosed above, as at the Latest Practicable Date, as far as is known to the Directors, no other persons (excluding the Directors, supervisors and chief executive of the Company) had an interest or short position in the securities of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### DIRECTOR’S AND SUPERVISOR’S SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any existing or proposed service contract with the Company or any member of the Group other than contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

#### COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, proposed directors or their respective close associates had any interest in a business which competes or is likely to compete directly or indirectly with any business of the Group.

**DIRECTOR'S OR SUPERVISOR'S INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors, supervisors or proposed directors of the Company had any interest in any assets which has been, since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable date, the Directors confirmed that there was not any material adverse changes in the financial or trading position of the Group since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up).

**EXPERTS**

The following are the qualifications of the professional adviser who have given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Octal Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Octal Capital Limited did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Octal Capital Limited did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, the date to which the latest published audited financial statements of the Company were made up.



As at the Latest Practicable Date, Octal Capital Limited had given and had not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and references to its name in the form and context in which they were included.

The letter and recommendation given by Octal Capital Limited are given as of the date of this circular for incorporation herein.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Morrison & Foerster at Edinburgh Tower, 33/F, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours on any business day for a period of 14 days from the date of this circular:

- (a) the letter from the Independent Board Committee dated 14 January 2019, the text of which is set out on pages 15 to 16 of this circular;
- (b) the letter from Octal Capital Limited dated 14 January 2019, the text of which is set out on pages 17 to 34 of this circular;
- (c) the consent letter from Octal Capital Limited referred to in the paragraph headed "Expert" in this Appendix; and
- (d) the Product Sales Framework Agreement (2019-2021) entered into by the Company on 26 October 2018 with Xinjiang Wind Power Co., Ltd. and China Three Gorges New Co., Ltd., respectively.

**1. CONNECTED TRANSACTION OVERVIEW**

In accordance with The Rules Governing Listing of Stocks on the Shenzhen Stock Exchange (“SZSE Listing Rules”) and possible continuing connected transactions between the Company and connected persons in 2019, the twentieth meeting of the sixth session of the board of the Company considered and approved the Resolution regarding the Estimated Annual Cap for Continuing Connected Transactions (A Share) of Xinjiang Goldwind Science & Technology Co., Ltd. for 2019. Directors Mr. Gao Jianjun, Mr. Wu Gang and Mr. Zhao Guoqing abstained from voting due to their connected relations with the relevant companies. The continuing connected transaction of product sales with China Three Gorges New Energy Co., Ltd. of this resolution shall be submitted to the shareholders’ general meeting of the Company for consideration. Material contents of the connected transaction is as follows:

*Unit: RMB million*

<b>Continuing Connected Transactions</b>	<b>January to September 2018 Actual Figures</b>	<b>2019 Forecast Figures</b>
<b>China Three Gorges New Energy Corporation</b>		
Including: Product Sales	721.15	2,945.78

**2. BASIC INFORMATION OF CHINA THREE GORGES NEW ENERGY CO., LTD. AS  
CONNECTED PERSONS****(1) Basic Information**

Legal Representative:	Mr. Fan Jianjun
Date of Incorporation:	September 1985
Registered Capital:	RMB10,000,000,000

Primary Businesses: development and investment of wind and solar power; investment of clean energy, hydro works, hydro power, power generation, water supply, desilting, coastal reclamation, environmental works, agriculture, livestock, and tourism; investment consulting; asset management and investment consulting; manufacturing and sales of mechanical equipment sets and components; domestic hydro works and power generation project and international tendering contracting; technical and information consulting services related to the above areas.

**(2) Connected Relations to the Company**

It is the second largest shareholder of the Company, holding 373,957,073 shares of A Shares of the Company, accounting for 10.52% of the total share capital of the Company.

**(3) Contract Fulfilment Analysis**

The operations of China Three Gorges New Energy Corporation are normal, financial position is sound, and it possesses the capability to fulfil its contracts.

**3. MATERIAL CONTENTS OF THE CONNECTED TRANSACTIONS****3.1 Pricing Terms and Principles**

Connected transactions between the Company and connected persons will be fairly priced based on the market price. The sale of WTGs by the Company to connected persons will be mainly determined through the public tender bidding process, and the price will be the market price. The price available to connected persons for connected transactions with the Company shall be no more favourable than that available to independent third parties, and there is no harm to the interests of the Company and other shareholders.

**3.2 Contract Information**

The Company entered into framework agreements with the connected persons. In addition, according to future needs of the Company and in line with respective market prices, the Company may enter into other individual contracts with such connected persons and conduct such transactions accordingly.

**4. REASONS FOR THE CONNECTED TRANSACTIONS AND IMPLICATIONS FOR  
THE LISTED COMPANY**

The primary continuing connected transactions between the Company and connected persons are product sales and purchase of components. These are beneficial to the expansion of the Company's sales and purchasing channels. Every transaction abides by the market price principle and there is no harm to the interests of the Company and shareholders as a whole, especially minority shareholders. The Company is not reliant on its connected persons, and such transactions will not affect the independence of the Company.

**5. OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The independent opinions of the independent non-executive directors of the Company, Mr. Yang Xiaosheng, Mr. Luo Zhenbang, and Dr. Tin Yau Kelvin Wong are as follows:

The transactions between the Company and its connected persons are in the usual and ordinary course of business. Such transactions were open, fair and equal, pricing were fair and reasonable, and there was no harm to the interests of the Company. The continuing connected transactions described above are beneficial to the Company's further consolidating its leading position in the industry and continued development.

The Company's estimated annual cap for transactions with connected persons for the year of 2019 is in line with the current and estimated business needs of the Company, abides by the market price principle, and there is no harm to the interests of the Company and shareholders who are not connected persons, and does not affect the independence of the Company.

Directors that are connected persons have abstained from voting during the board meeting in accordance with relevant regulations. This proposal will also be submitted to the shareholders' general meeting of the Company for consideration, and such procedures are compliant with relevant regulations. We vote in favour of this resolution.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.\***

**新疆金風科技股份有限公司**

*(a joint stock limited liability company incorporated in the People's Republic of China)*

**Stock Code: 02208**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of Xinjiang Goldwind Science & Technology Co., Ltd. (the “**Company**”) will be held at Conference Room, No. 8, Boxing Yi Road, Economic & Technological Development District, Beijing, PRC at 2:30 p.m. on Friday, 1 March 2019 for the purposes of considering and, if thought fit, approving the following matters.

#### **SPECIAL RESOLUTION:**

1. To consider and approve the proposed amendments to the Articles of Association of the Company in respect of Article 1.01. (Please refer to the Circular of the Company dated 14 January 2019 for details.)

#### **ORDINARY RESOLUTIONS:**

2. To consider and approve the estimated annual cap for continuing connected transactions (A Share) according to the requirements under the Rules Governing Listing of Stocks on the Shenzhen Stock Exchange and the respective annual caps for the year of 2019, please refer to Appendix II for details.
3. To consider and approve the connected transactions between the Company and the members of the Connected Persons Group contemplated under Product Sales Framework Agreement (2019-2021) for the three years commencing from 1 January 2019 and ending on 31 December 2021 and the relevant proposed annual caps.

By order of the Board

**Xinjiang Goldwind Science & Technology Co., Ltd.**

**MA Jinru**

*Company Secretary*

14 January 2019

\* *For identification purposes only*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. Each shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her behalf at the EGM. A proxy need not be a shareholder of the Company. A proxy of a shareholder may vote on a poll. With respect to any shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll. The shareholder shall have one vote for each share that they hold.
2. The register of members of the Company will be closed from Wednesday, 30 January 2019 to Friday, 1 March 2019 (both days inclusive) for the purpose of determining the shareholders entitled to attend the EGM. During the above mentioned period no share transfer will be registered. Holders of H Shares whose names appear on the registers of members as at the close of business on Tuesday, 29 January 2019 are entitled to attending the EGM. In order to attend and vote at the EGM, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 29 January 2019.
3. The instruments appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorised in writing. If the shareholder is a corporation, that instrument must be either under the company seal or under the hand of its director or duly authorised attorney. If that instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisation documents must be notarised.
4. The proxy form together with the power of attorney or other authorisation document (if any) must be deposited at the Office of Secretary of the Board of the Company, at the address as stated in Note 6 below, for holders of the Domestic Shares, and at the H share registrar, Computershare Hong Kong Investor Services Limited at the address Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for holders of the H Shares not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting should you so wish.

5. Shareholders who intend to attend the EGM in person or by proxy should return the reply slip to the Office of Secretary of the Board of the Company at the address as stated in Note 6 below on or before 5:00 p.m. on Friday, 8 February 2019 by hand, by post or by fax.
6. The contact details of the Office of Secretary of the Board of the Company are as follows:

No. 8, Boxing Yi Road, Economic & Technological Development District, Beijing, PRC

Telephone No.: +86 10-67511888

Facsimile No.: +86 10-67511985

7. The EGM is expected to last for half a day and shareholders (in person or by proxy) attending the meeting shall be responsible for their own transportation and accommodation expenses.