
SHARE CAPITAL

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This section presents certain information regarding our share capital prior to the completion of the Global Offering and after the completion of the Global Offering.

Before Global Offering

As of the Latest Practicable Date, the share capital of our Company was RMB2,240.0 million comprising 2,240,000,000 Shares.

| | <u>Number of shares</u> | <u>Approximate percentage of issued share capital (%)</u> |
|-----------------------------|-------------------------|---|
| A Shares in issue | 2,240,000,000 | 100.0 |

Upon Completion of Global Offering

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised, the share capital of our Company would be as follows:

| | <u>Number of shares</u> | <u>Approximate percentage of issued share capital (%)</u> |
|--|-------------------------|---|
| A Shares in issue | 2,200,470,600 | 83.5 ⁽¹⁾ |
| H Shares issued under the Global Offering | 395,294,000 | 15.0 |
| H Shares converted from A Shares and transferred to the NSSF | 39,529,400 | 1.5 |

Note:

(1) The figures shown in the table include the share dividends distributed on April 6, 2010.

Immediately following the completion of the Global Offering, assuming the Over-allotment Option is exercised in full, the share capital of our Company would be as follows:

| | <u>Number of shares</u> | <u>Approximate percentage of issued share capital (%)</u> |
|--|-------------------------|---|
| A Shares in issue | 2,194,541,200 | 81.4 ⁽¹⁾ |
| H Shares issued under the Global Offering | 454,588,000 | 16.9 |
| H Shares converted from A Shares and transferred to the NSSF | 45,458,800 | 1.7 |

Note:

(1) The figures shown in the table include the share dividends distributed on April 6, 2010.

The Shares

According to the Articles of Association, we have two classes of Shares, (i) domestic listed Shares, namely A Shares (Shares issued and subscribed for in RMB to investors within the PRC and listed in the PRC); and (ii) overseas listed Shares, namely H Shares (Shares listed in Hong Kong). A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in

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the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. On the other hand, A Shares can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. The A Shares held by Xinjiang Wind Power, China Water, Wind Power Research Centre, CB Fund, Yuanjing Xinfeng, Yuanjing Xinneng and Yuanfeng Investment are subject to three years' lock up period from December 26, 2007 when our Company was listed on the SZSE on December 26, 2007 to December 25, 2010. As required by the PRC Company Law, the A Shares held by the Directors, Supervisors and senior management are subject to transfer restrictions.

Shareholders holding different classes of the Shares are considered as different classes of Shareholders. Our Company has two classes of Shareholders, namely holders of A Shares and holders of H Shares. The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of Shareholders' general meeting and by holders of Shares of that class at a separate meeting conducted in accordance with the Articles of Association. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in Appendix VIII to this prospectus. However, the procedures for approval by separate classes of Shareholders shall not apply (i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of our existing issued A Shares and H Shares, (ii) where our plan to issue A Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval of the relevant regulatory authorities of the PRC, including the CSRC and (iii) where the transfer of A Shares for listing and trading on the Hong Kong Stock Exchange as H Shares has been approved by the authorized securities approval authorities of the State Council, including the CSRC. Please see the subsection entitled "Transfer of our Company's A Shares for Listing and Trading on the Hong Kong Stock Exchange as H Shares" in this prospectus for more details.

The differences between the A Shares and H Shares, including provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different branches of the register of Shareholders, the method of Share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in Appendix VIII to this prospectus. A Shares and H Shares will however rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date in this prospectus. H Shareholders are not entitled to any dividend payable in respect of our distributable profits accumulated prior to January 1, 2010, including the distribution of RMB1,767.8 million approved by our Company's 2009 annual general meeting on March 25, 2010. For further information on this distribution, please see the section entitled "Financial Information — Dividend Policy" in this prospectus. All dividends in respect of the H Shares are to be calculated in RMB and paid by us in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by us in RMB. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of A Shares, dividends in the form of Shares will be distributed in the form of additional A Shares.

Transfer of our Company's A Shares for Listing and Trading on the Hong Kong Stock Exchange as H Shares

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the Global Offering.

However, if any holder of our A Shares is to transfer its A Shares to overseas investors for listing and trading on the Hong Kong Stock Exchange, such transfer and conversion will need to be approved by the relevant PRC

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regulatory authorities, including the CSRC as well as go through the relevant methodology and procedure as disclosed below:

- (1) The holder of A Shares is to obtain the requisite approval of the CSRC or the authorized securities approval authorities of the State Council for the transfer of all or part of its A Shares into H Shares.
- (2) The holder of A Shares is to issue to us a removal request in respect of a specified number of the Shares attaching the relevant documents of title.
- (3) Subject to obtaining the approval of the Board, we would then issue a notice to the H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holder with H Share certificates for such specified number of H Shares.
- (4) Such specified number of A Shares to be transferred to H Shares are then re-registered on the H Share register maintained in Hong Kong on the condition that:
 - (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificate; and
 - (b) the admission of the H Shares (converted from A Shares) to trade in Hong Kong will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time.
- (5) Upon completion of the transfer and conversion, the shareholding of the relevant holder of A Shares in our A Share register will be reduced by such number of A Shares transferred and the number of H Shares register will correspondingly be increased by the same number of H Shares.
- (6) We will comply with the Listing Rules to inform our Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

Approval from holders of A Shares regarding the Global Offering

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the extraordinary general meeting of our Company held on September 25, 2009 and is subject to the following conditions:

- (1) Size of the offer

The proposed number of H Shares to be offered shall not exceed 15% of the total issued share capital after the issuing of H Shares and the Over-allotment Option shall not exceed 15% if exercised.

- (2) Method of listing

The method of listing shall be by way of international offering and public offer for subscription in Hong Kong.

- (3) Target investors

The H Shares shall be issued to professional, institutional, individual investors and the public.

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(4) Price determination basis

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders of our Company, according to international practice, through the demands for orders and bookbuilding process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 12 months from the Shareholders' meeting dated September 25, 2009.

Other than the Global Offering, our Company has not approved any other Share issue plan.

Transfer of the State-owned Shares to the NSSF

Pursuant to the *Implementing Measures for the Transfer of Part of the State-owned Shares to the NSSF in Domestic Securities Market*, or the Transfer Measures, jointly issued by the Ministry of Finance, the SASAC, the CSRC and the NSSF, state-owned enterprises holding the Shares prior to our A Share offering, as approved by the SASAC or other relevant state-owned assets supervision and administrative authorities, shall transfer to the NSSF part of their A Shares in our Company that, in the aggregate, equal to 10% of the aggregate number of A Shares offered in the A Shares offering. If a state-owned Shareholder is obliged to make the transfer to the NSSF under the Transfer Measures and has disposed of its A Shares, it shall discharge its transfer obligations under the Transfer Measures by paying to the NSSF the cash equivalent of the A Shares that it was obligated to transfer. The NSSF succeeds to any statutory or contractual lock ups of the transferring state-owned Shareholder and is subject to an additional lock up period of three years. The NSSF is entitled to investment returns arising from the transferred A Shares and may dispose of such A Shares subject to its lock up obligations. However, the NSSF will not participate in the day-to-day management of our Company.

Pursuant to the Transfer Measures, the supervision and administration agencies of state-owned assets will issue a preliminary approval based on the available information on the identities of our state-owned Shareholders and the number of Shares transferred. The Ministry of Finance, SASAC, CSRC and NSSF will make a joint public announcement stating our Company's name, the name of the state-owned Shareholders and the number of Shares that should be transferred. Shares to be transferred shall be frozen from the date of the announcement.

We and our state-owned Shareholders who are obliged to transfer their A Shares to NSSF have followed the procedures as required under the Transfer Measures and as confirmed by our PRC legal advisor, our state-owned Shares which shall be transferred have been frozen pending SASAC's unified arrangement relating to the transfer. As of April 30, 2010, the transfer had not been completed and as it is an administrative measure taken by the relevant government bureau, we have no information and are unable to speculate on when the transfer will be completed. Our PRC legal advisor has confirmed that we and our state-owned Shareholders who are obliged to transfer their A Shares to NSSF have complied with the requirements as stipulated in the Transfer Measures. As the transfer of Shares is conducted between our state-owned Shareholders and the NSSF, the transfer has no material adverse effect on our Group.

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The table below sets out the shareholding structure upon the completion of transfer of A Shares to the NSSF and on the assumption that the transfer was completed before the Global Offering:

| | Shareholding structure | |
|---|------------------------|----------------|
| | Number of shares held | percentage (%) |
| Xinjiang Wind Power | 398,246,648 | 17.8% |
| China Water | 343,316,075 | 15.3% |
| CB Fund | 161,280,000 | 7.2% |
| Yuanjing Xinfeng | 97,776,000 | 4.4% |
| Wind Power Research Centre | 46,690,986 | 2.1% |
| Yuanjing Xinneng | 40,320,000 | 1.8% |
| Yuanfeng Investment | 3,024,000 | 0.1% |
| Directors and Senior Management | 97,505,208 | 4.4% |
| NSSF | 22,400,000 | 1.0% |
| Other A Share Shareholders | 1,029,441,083 | 45.9% |

According to the *Interim Measures of the State Council on the Management of Reducing State Held Shares and Raising Social Security Funds* issued by the State Council and the relevant requirements of SASAC on the transfer of state-owned Shares, our Company's four state-owned Shareholders, namely Xinjiang Wind Power, China Water, Wind Power Research Centre and Solar Energy Co., shall transfer their state-owned Shares representing 10% of the amount of such H Share offering to the NSSF and convert them into H Shares. Such state-owned Shares will be converted into H Shares on a one-for-one basis and such H Shares converted will not constitute part of the Offer Shares. These four state-owned Shareholders will not receive any proceeds from the transfer of H Shares to the NSSF or any subsequent disposal of such H Shares by the NSSF. They have already submitted an application to the Xinjiang SASAC and issued an undertaking letter regarding the transfer of the state-owned Shares. Such conversion and holding of H Shares by NSSF in relation to the Global Offering has been approved by the relevant authorities including the CSRC on May 11, 2010⁽¹⁾.

The table below sets out the number of H Shares to be transferred to the NSSF before and after the exercise of the Over-allotment Option:

| | The number of H Shares to be transferred to the NSSF | |
|--------------------------------------|---|---|
| | (assuming the Over-allotment Option is not exercised) | (assuming the Over-allotment Option is exercised in full) |
| Xinjiang Wind Power | 19,414,146 | 22,326,262 |
| China Water | 16,736,333 | 19,246,779 |
| Wind Power Research Centre | 2,276,142 | 2,617,563 |
| Solar Energy Co. | 1,102,779 | 1,268,196 |
| Total | 39,529,400 | 45,458,800 |

⁽¹⁾ The approval was issued on December 31, 2009 by the SASAC on the condition that the Over-allotment Option may be exercised in full and that up to 454,588,000 H Shares are issued. If the amount of H Shares issued is less than the foregoing amount of Shares stated, the number of Shares transferred by each of the four companies stated above will decrease accordingly. According to the letter issued by the NSSF on February 3, 2010 (Shebaojijingfa [2010] No. 25), the NSSF agreed, among other things, that application be made to have part of the transferable state-owned Shares held by Xinjiang Wind Power, China Water, Wind Power Research Centre and Solar Energy Co. converted into H Shares when we submitted a listing application to CSRC, and that registration be made with the corporate investor account set up by the NSSF at HKSCC with respect to 10% of the actual number of H Shares issued.

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Option to Exchange Vensys AG's Shares

On January 24 and 25, 2008, Vensys/Innowind, Saarwind (both Vensys/Innowind and Saarwind as the sellers), Goldwind Windenergy (as purchaser), our Company (as related party of purchaser) and Vensys AG entered into the Vensys Shares SPA. Vensys/Innowind, Saarwind, Windpark, Goldwind Windenergy, Vensys AG and our Company entered into the Vensys Supplemental Agreements on May 14, 2010. Vensys/Innowind, Saarwind and Windpark are all Independent Third Parties of our Company, save for their interests in Vensys AG as well as Mr. Jürgen Rinck, one of the shareholders of Saarwind, and Mr. Uwe Hinz, one of the shareholders of Vensys/Innowind, being our vice president and chief technology officer, and the deputy engineer of our Company, respectively.

According to the Vensys Shares SPA and the Vensys Supplemental Agreement mentioned above, our Company granted each of the shareholders (i.e. Vensys/Innowind, Saarwind and Windpark) of the remaining 30.0% equity interest of Vensys AG the Vensys Option. Pursuant to the Vensys Option, each of Vensys/Innowind, Saarwind and Windpark has an option to exchange its remaining shares of Vensys AG in part or total into our Shares at the price of EUR11.78 per share of Vensys AG and shall be subject to the PRC laws, the relevant regulations of the PRC securities regulatory authority and the rules of the stock exchange on which our Shares are listed on the date of the exercise of the Vensys Option. The exchange share price of EUR11.78 per share of Vensys AG was the same as the share price at which our Company acquired a 70% equity interest in Vensys AG, which was based on the then valuation of Vensys AG. The number of our Shares to be exchanged upon the exercise of the Vensys Option will be calculated based on multiplying the number of shares of Vensys AG to be exchanged by the price of EUR11.78 divided by the market price of our Shares at the time the Vensys Option is exercised. The fair value of the Vensys Option as at April 30, 2008, the date of completion of our acquisition of the 70% equity interest in Vensys AG, was EUR4.46 million. Vensys/Innowind, Saarwind and Windpark are entitled to request to execute the Vensys Option from December 26, 2010 onwards. If Vensys/Innowind, Saarwind and Windpark fail to, or are unable to, exercise the Vensys Option before December 26, 2011, it will lapse automatically. Grant of the Vensys Option to each of Vensys/Innowind, Saarwind and Windpark was part of terms of the Vensys Shares SPA and the Vensys Supplemental Agreement, based on arm-length negotiations, and served the purposes of (i) incentivizing Vensys/Innowind, Saarwind and Windpark to enhance the synergy resulting from the Vensys AG acquisition; and (ii) enabling us to gain access to the remaining 1.5 million shares in Vensys AG held by Vensys/Innowind, Saarwind and Windpark.

If our Shares cannot be bought and sold freely when Vensys/Innowind, Saarwind and Windpark exercise the Vensys Option in accordance with the above requirements, or if Vensys/Innowind, Saarwind and Windpark as companies cannot convert the shares in Vensys AG to our Shares according to the German laws or the PRC laws, or Vensys/Innowind, Saarwind and Windpark do not want to accept the conversion price prescribed under PRC laws or by the PRC securities regulatory authorities or the stock exchange on which our Shares are listed, Vensys/Innowind, Saarwind and Windpark can sell to Goldwind Windenergy their remaining shares of Vensys AG in part or total at the price of EUR11.78 per share of Vensys AG and this must be accepted by Goldwind Windenergy.

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It is uncertain as to whether the holders of the Vensys Option would like to exchange into our A Shares or H Shares in the event that they exercise their Vensys Option. Furthermore, it is also uncertain as to whether the relevant regulatory authorities would approve their application to exchange into our A Shares or H Shares. If Vensys/Innowind, Saarwind and Windpark exercise the Vensys Option to exchange their remaining shares of Vensys AG into our A Shares or H Shares, our Company will comply with the relevant requirements of the SZSE Listing Rules or the Listing Rules requirements. Since Vensys/Innowind, Saarwind and Windpark are only entitled to request to execute the Vensys Option from December 26, 2010 onwards pursuant to the Vensys Shares SPA, we have yet to apply for such approval, including approvals from the CSRC and the Hong Kong Stock Exchange in respect of our Shares upon exercise of the Vensys Option.