

**JAN. - MAR.  
2017**

**MARKET&BUSINESS  
DEVELOPMENT  
DEPARTMENT**



**BUSINESS  
PERFORMANCE**



**MARKET ACTIVITIES  
&  
OUR ACTIVITIES**



**WIND INDUSTRY  
RESEARCH**

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# **GOLDWIND** **QUARTERLY**

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## **BUSINESS PERFORMANCE 2016**

At the end of 2016, Goldwind accumulated installed capacity exceeded **38GW** worldwide, comprising of over 37GW and 25,258 units in China and over 1GW and 604 units overseas.

According to data from CWEA, Goldwind accounted for more than 70% of China's accumulated WTG exports.

According to BNEF, Goldwind was number three in the world with newly installed capacity of **6.34GW**.

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## Product Manufacturing and Sales

Model	2016		2015		Change in Capacity Sold
	Unit Sold	Capacity Sold (MW)	Unit Sold	Capacity Sold (MW)	
3.0MW	27	81.00	11	33.00	145.45%
2.5MW	498	1,245.00	645	1,612.50	-22.79%
2.0MW	1,107	2,214.00	617	1,234.00	79.42%
1.5MW	1,562	2,343.00	2,774	4,161.00	-43.69%
750kW	0	0	14	10.50	-100%
<b>Total</b>	<b>3,194</b>	<b>5,883.00</b>	<b>4,061</b>	<b>7,051.00</b>	<b>-16.57%</b>

At the end of 2016, Goldwind's backlog of orders under contract totaled 7,840.9MW. There were 6,335.2MW of additional orders awaiting contract. In total, Goldwind had 14,176.1MW of combined backlog orders, including 917MW of overseas orders.

### Wind Power Services

Goldwind maintenance and operation team had provided construction, maintenance and operation services and technical support for more than 25,000 WTGs in more than 700 wind farms globally, including a total of 502 WTGs from the United States, Australia, Thailand, Romania, Ecuador and Pakistan. During the reporting period, revenue from the Wind Power Services business segment was RMB 1,245.54 million.

### Wind Farm Investment and Development

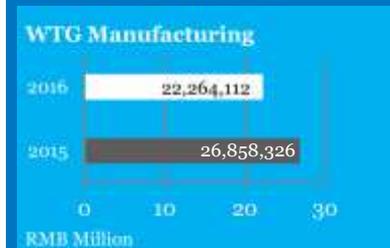
In 2016, the Group's revenue from power generation was RMB2,414.25 million, representing an increase of 55.47% YoY. The gain on investment from sale of wind farms was RMB51.53 million, a decrease of 51.74% YoY.

### Financial Highlights

Goldwind's revenue from operations decreased **12.30%** YoY to RMB 26,173.89 million, net profit attributable to owners of the Company increased **5.39%** YoY to RMB 3,002.98 million, total assets increased 22.57% to RMB 64,437.17 million.

Although the Group's sales revenue and installed capacity decreased in 2016, due to the Group's forward-looking strategy, its diversified profit model, continuous improvement of R&D capabilities and product performance, lean management and a continuous optimization of capital structure ensured that the Group's profitability continued to improve and market share continued to expand during 2016.

Our business segments of WTG Manufacturing and Wind Power Services decreased in 2016, while Wind Farm Development achieved significant growth.



# MARKET ACTIVITIES

## Goldwind International (GWI) received IMS certificates

Beijing (Jan 17, 2017) - Mr Zhang Wei, President of DQS China region, awarded GWI Holding (HK) and its subsidiaries – Goldwind USA Inc., Goldwind Australia Pty Ltd, Goldwind Africa (Pty.) Ltd and Beijing Goldwind New Energy Trade Co. Ltd – with ISO9001, ISO 14001 and OHSAS18001 certificates. Mr. Tony Pan, General Manager of GWI, received the awards on behalf of GWI.

ISO9001, ISO14001 and OHSAS18001 are, altogether, referred to as the Integrated Management System (IMS), a management system used worldwide.



Receiving the certification indicates that GWI has continued to improve its management system and control system in terms of product quality, occupational health and safety, project construction, service provision, supply chain management and technical support systems.

Mr. Tony Pan, General Manager of GWI pointed out that GWI will continue dedicating itself in safeguarding health and safety for not only its employees, but also to its suppliers and other stakeholders.



DQS Holding GmbH was established in 1985, headquartered in Germany. It is by far the largest institution in the certification sector in terms of management system certification, with 82 institutes globally across 66 countries.

## Pakistan UEP Project Completed Installation in Great Success

Pakistan (March 13, 2017) - As the 650 ton capacity main crane smoothly docked, all the wind turbines were successfully erected and installed for the UEP phase I wind farm project.

The UEP project is one of the priority projects of the China-Pakistan Economic Corridor (CPEC). This wind farm consists of 66 units of Goldwind 1.5MW wind turbines, 99MW in total. The first set of turbines started installation on Oct 2, 2016, and the project took 162 days to complete. Due to inadequate infrastructure in Pakistan, the transportation of the major parts met considerable challenges and severe cargo damages also slowed down the installation process, which caused a delay of 52 days. Limited time and loads of work added up the difficulties of this project. Nevertheless, the project team overcame many barriers such as cargo damages, high temperature and a harsh working environment, and ensuring to meet strict quality and safety standards.



The successful installation of the last wind turbine marked a critical step towards grid connection and power generation. The project team will keep the same attitude in the following stage of this project to make sure this wind farm runs perfectly.

# OUR ACTIVITIES

## Goldwind International (GWI) Held Annual Review for 2016

Beijing (Jan. 17 2017) - GWI held its 2016 annual review meeting. Goldwind Executives, including Mr. Wang Haibo, Mr. Wang Jin and Mr. Zhang Yang, were invited to the meeting. The seven regional centers also had representatives to this meeting.

During the meeting, executive level of GWI summarized the work accomplished in sales, investment, project management and AEMC (Application Engineering Management Committee) in 2016, and also shared work plans for 2017. Mr. Tony Pan, General Manager of GWI, analyzed the overall business operation of GWI in 2016 and made plans for 2017.

In 2016, GWI achieved its revenue and net profit of 1.841 billion RMB and 180 million RMB respectively. International projects have presence in 20 countries covering 6 continents, consisting of 79.9% of the WTGs exportation among domestic manufacturers, ranking top in the sector.

In 2016, GWI continued to support the tenet of “internationalization through localization”. GWI not only received orders from major markets in the Americas, Australia and Europe, but also deployed a localized strategy in emerging markets such as South America and Africa, through which it has set up core business structures in the 7 regional centers in the global market.



- In January, GWI made its debut in Egyptian high tech exhibition where Chinese President Xi Jinping not only praised the achievement made by Goldwind, but also recommended Goldwind to Mr. Sherif Ismail, prime minister of Egypt, for future cooperation.
- In April, Australian vice Premier attended the launch ceremony of White Rock wind farm.
- In May, Goldwind has signed an agreement with Renewable Energy Systems Americas Inc. (RES) to acquire the 160MW Rattlesnake Wind Project located in McCulloch County, Texas. Once operational, the project will become Goldwind’s largest U.S. wind project to date.
- In May, Goldwind achieved a record high monthly electricity output of 23.517 million kWh by its TGF wind farm project since commission. TGF project is Goldwind’s first wind power project that stands high temperature environment in Pakistan. The accumulated order in Pakistan also exceeded 400 MW in 2016.
- In November, Goldwind, together with the overseas investment unit under State Power Investment Corporation Group (SPIC) and the Chilean subsidiary of Pacific Hydro, signed wind turbine sales agreement for the 80 MW Punta project in Chile.
- In December, Goldwind successfully achieved grid connection for its Chaiyaphum Wind Farm (CWF) project, which was highlighted by its soft tower technology.

## Goldwind International (GWI) held Global Sales Meeting

Beijing (Jan 16 2017) - GWI Global Sales Meeting was held as scheduled. Executives and sales representatives from our 7 regional centers attended the meeting. Mr. Tony Pan, GWI's General Manager, and the management team of GWI were invited to the meeting. Executives from R&D center, domestic sales and operation center and smart grid center also participated.

During the meeting, directors from the 7 regional centers of GWI – Goldwind North America, Goldwind Australia, Goldwind MENA, Goldwind Asia, Goldwind Africa, Goldwind South America and Goldwind Europe – introduced the market conditions and strategies of their respective region, shared project case studies, and summarized their experiences in developing their regional markets, identifying potential challenges and threats. Through these discussions, commonalities were found and new thoughts were generated, bringing novelties to market development.

Furthermore, the heads of domestic sales center, smart grid department, GWI market and business development department and operation department also shared their specific themes in China's wind power market development, requirements to be met for global major clients, smart grid and international sales planning.

During the event, the teams had a brainstorming regarding topics as how to further promote the global business development and how to improve competitiveness of Goldwind's integrated solutions in the international markets.

It facilitates the sharing of success among the teams, but also contributes to deeper understanding and improves cohesion between the different teams. Discussed agendas included lowering LCOE, technological innovation and improvement, better financing instruments, optimized localization plans and investment strategies, etc.

The meeting is expected to become a continued communication channel for global business development.

## Goldwind International (GWI) 2016 Year-end Celebration Gala

Beijing (Jan 17, 2017) - GWI held its annual gala for the year 2016. The theme of this celebration gala was “Feng-Ya-Song”, combined means “elegance” in Chinese. A red-carpet ceremony unveiled the gala. Company executives and colleagues, all dressed up, signed their names on the signatory board, followed by a group picture.



**Mr. Tony Pan**  
General Manager of  
GWI signing his  
name on the board

The ceremony began with the amazing water drums show, followed by versatile performance such as dancing, singing, cross talk comedy, and musical instruments.

During the Gala, GWI commended its outstanding staff and teams. Their diligent and assiduous work contributed to the growth of GWI, and their endeavors and stories served as encouragement to every single member of GWI.

The GWI 2016 year-end celebration gala ended in a harmonious and cheerful manner, drawing a successful conclusion to the work of GWI in 2016.



**GWI 2016  
outstanding staff**



**Creative crosstalk  
comedy**  
Traditional Chinese  
performance greatly  
done by our colleagues  
from Delivery center



**Chorus  
performance**  
Performed by the  
departments of  
Marketing & BD  
and sales.

**Musical performance**  
performed by GWI staff



# WIND INDUSTRY RESEARCH

## Global Market Overview

According to the latest quarterly release of BNEF, some 53.3 GW wind power was commissioned in 2016; Europe was particularly strong in the run-up to the expiry of generous tariffs; India's successful wind capacity auction signals the beginning of competitive price mechanisms in APAC.

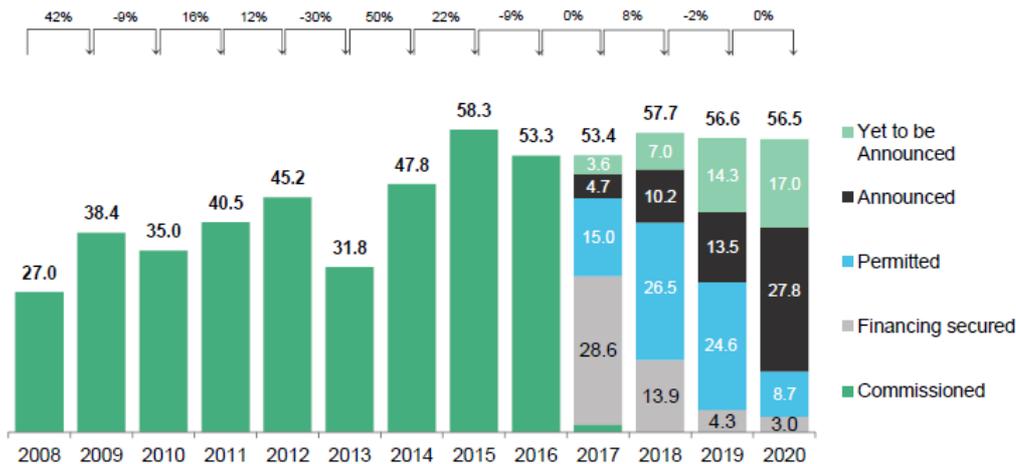
- Short-term onshore demand forecast:** It is expected some 53.4 GW in 2017, about the same as last year. Developing markets will pick up speed from 2018 onward.
- Medium to long-term onshore forecast:** activity is likely to pick up after 2018, in large part driven by demand from the US. European demand will flatten out, albeit on a slightly higher level than previously expected. China's 13th Five-Year Plan, however, has dampened prospects for the world's largest wind market.
- EMEA:** Europe had 12.4 GW installed, better than the previous forecast of 10.8 GW, largely due to the closing of generous subsidy program.
- AMER:** While wind industry players in the US are awaiting further detail on potential corporate tax rate changes or tax code overhaul, Canadian market players are establishing themselves in Alberta to take advantage of new wind opportunities via competitive auction rounds. Overall, 2017 installations will be low, but may expect a 2018-2020 boom.

53.3 GW: onshore wind capacity commissioned in 2016, the second-highest year on record.

41.9 GW: forecast for Europe in 2017-2020

\$51.8/MWh: clearing price in India's auction - wind is on par with solar in the region.

Figure 1: Global onshore wind installation forecast by current project status, 2008-20 (GW)



Source: Bloomberg New Energy Finance. Note: We treat installed but not grid-connected capacity for China and grid-connected capacity for all other markets as commissioned. Some historical installation data have been revised.

- APAC:** India held the first large-scale onshore wind auction in Asia. In China, the mood is somber as curtailment has worsened further and stop-gap policy measures have yet to take full effect. Meanwhile, Australia finds itself in the middle of a REC-driven investment boom. Southeast Asia presented a mixed picture as projects in many countries are held back by never-ending policy reviews.

- **Offshore:** only 832 MW of Q4 2016 new offshore wind capacity was commissioned in 2016, dominated by installations in Asia. While 2016 was a record for new offshore wind financings for projects to be built over the next few years in Europe, the actual amount being commissioned globally last year was far below the 4.2 GW in 2015.
- **Project financing and investment:** Total new wind build investment in Q4 2016 rose 31% quarter-on-quarter to \$22.9 bn., but dropped 19% compared to Q4 2015. However, asset finance outside North America, Europe, and China was the highest quarterly figure through 2008, with \$ 5.8bn transacted.

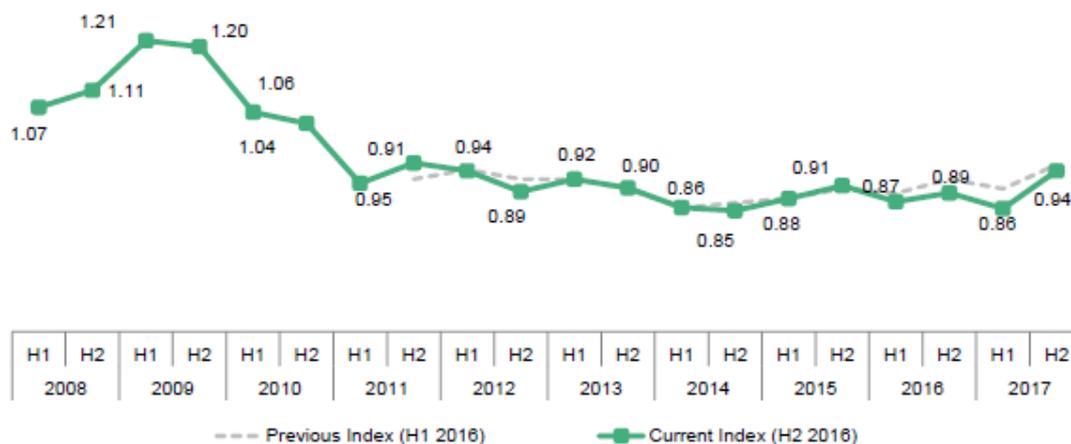
## Global Turbine Pricing

As BNEF reported, Turbine prices fell 26%, from EUR 1.21m/MW in H1 2009 to EUR 0.89m/MW in H2 2016, according to H2 2016 Wind Turbine Price Index. At the same time, levelised turbine prices dropped 42% from EUR 550/MWh per year to EUR 312 in H2 2016.

It is expected that capital expenditures to decrease further in 2017 and costs per MWh to continue to fall, as several projects with high capacity factors reach the market.

Contracts for delivery in 2016 of turbines with rotor diameters less than 95 meters averaged EUR 0.82m/MW in H1 and EUR 0.83m/MW in H2. The latter represents a 2.3% decrease from 2015 prices. Contracts for turbines with rotor diameters greater than 95 meters averaged EUR 0.89m/MW in H1 2016 and EUR 0.9m/MW in H2 2016.

**Figure 20: Wind Turbine Price Index mean price by delivery date, 2008 H1 – 2017 H2 (EURm/MW)**



Source: Source: Bloomberg New Energy Finance Note: Contract prices include turbine plus towers and transport to site, and they exclude VAT. Turbine contracts signed for delivery in China are excluded from this Index. All values are converted to euros at the exchange rate at contract-signing date

BNEF believes North America will see a local undersupply of turbines from 2018 to 2020, which could push up turbine prices locally. Europe and Latin America will remain oversupplied through 2020 as demands in both regions fall.

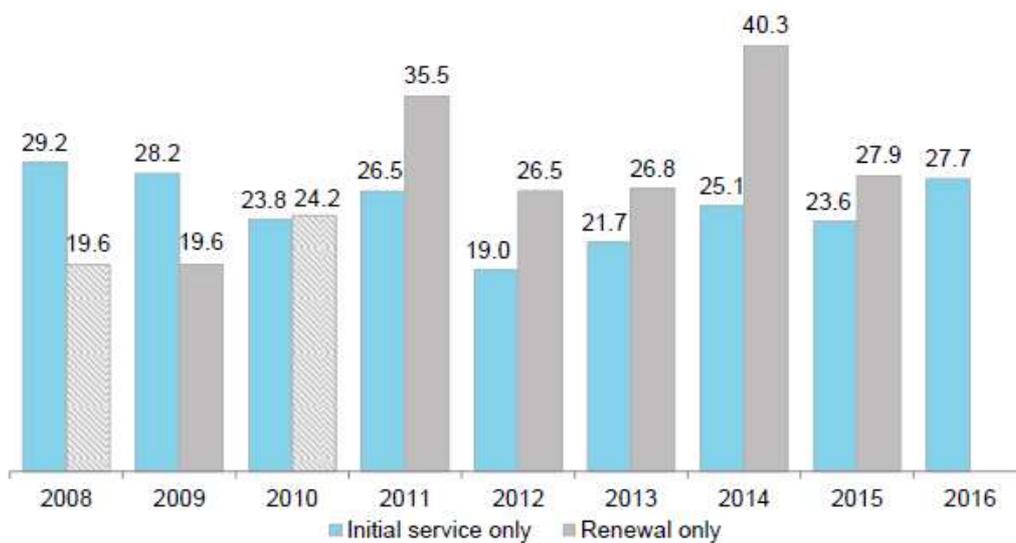
The research finds that the turbine margins are expected to fall between 2017 and 2019 in most parts of the world.

## O&M Price Index

According to BNEF, pricing for initial full-service agreements increased from EUR 23.6k/MW per year in 2015 to EUR 27.7k/MW in 2016, slightly above 2014 levels.

O&M prices in 2016 were 17% higher than 2015 on the back of more expensive full-service European contracts received for the 2016 H2 iteration. Average pricing continues to vary by asset owner, with larger owners able to command lower pricing on initial full-service contracts. Tier 1 IPPs are able to access the lowest pricing, at EUR 21,000/MW per year, while utilities and Tier 3 IPPs see the higher pricing, at EUR 23,000/MW and EUR 29,000/MW per year respectively.

**Figure 21: Initial full-service contracts versus renewals by signing date, 2008-16 (EUR K/MW/yr)**



Source: Bloomberg New Energy Finance. Note: limited data for renewal contracts signed in 2008, 2010 and 2016.

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**GOLDWIND**  
**QUARTERLY**

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Goldwind offers customers the ability to access proprietary PMDD technology that provides greater efficiency and reliability than competing wind-turbine generator designs.

We have built an integrated business whose activity spans every part of the product life cycle. Our products are comprehensively supported by a network of international facilities that provide outstanding service around the globe.

Every aspect of the solutions we build around our wind-turbine generators is tailored to maximise value not just for our clients, but for the customers and communities that rely on the power they supply.

For more information, please contact a Goldwind representative.

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