



GOLDWIND

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

TERMS OF REFERENCE OF AUDIT COMMITTEE

(In the case of any discrepancies, the Chinese version shall prevail over the English version.)

Membership

1. The committee consists of three directors, including two independent directors and at least one of them will be professional accounting personnel.
2. The committee member shall be nominated by the chairman of the board of directors (the “Board”), above 1/2 of independent directors or above 1/3 of directors, and elected by the Board.
3. The chairman of the committee will be responsible for the work of the committee and must be independent director. The chairman will be elected from the committee members and approved by the Board.
4. The term of office of the committee members will be in line with the term of office of the Board. The member may be re-elected upon the expiry of the current term of office. During the term, if any member ceases to hold office as a director, he/she will automatically lose the qualification as a member and the replacement shall be in accordance with item 1 - 3 as mentioned above.
5. A former partner of the issuer’s existing auditing firm should be prohibited from acting as a member of its audit committee for a period of one year from the date of his ceasing:
 - a) to be a partner of the firm; or
 - b) to have any financial interest in the firm,

whichever is later.

6. Internal audit department of the Company will be responsible for the daily work of the Audit Committee, including liaison, meeting organization and so on. Meanwhile, the internal audit department will, with delegated responsibilities, have the right of audit supervisory, review accounts and related assets in line with relative regulations, monitor and evaluate the truth, validity and effectiveness of financials, and analyze and assess the implementation of capital operation, asset utilization and other accounting events to ensure the truth and integrity of the company assets.

Authority and Duties

The Audit Committee is responsible to the Board and has the following authority and duties:

1. Make recommendations to the appointment or change of external auditor:
 - a) Make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.
 - b) The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
 - c) Develop and implement policy on an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the board, indentifying and making recommendations on any matters where action or improvement

is needed.

2. Review integrity of the Company's financial statements and annual reports and accounts, half-year report and quarterly reports, as well as significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the committee should focus particularly on:
 - a) any changes in accounting policies and practices, and financial positions and reporting procedures of financial reports;
 - b) major judgmental areas;
 - c) significant adjustments resulting from auditing;
 - d) the going concern assumptions and any qualifications;
 - e) compliance with accounting standards; and
 - f) compliance with the Listing Rules and legal requirements in relation to financial reporting.

Regarding above, members of the committee should liaise with the board and senior management. The committee must meet, at least, twice a year with the auditors; and the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the staff responsible for the accounting and financial reporting function, head of internal audit department or auditors.

3. Oversight of financial reporting system, risk management and internal control systems:
 - a) review the financial controls, internal control and risk management systems;
 - b) discuss the risk management and internal control system with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function;
 - c) consider major investigation findings on risk management and internal control matters as delegated by the board or on its own initiative and

management's response to these findings;

- d) assist in communications between the internal and external auditors to ensure co-ordination between them, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer, and to review and monitor its effectiveness;
 - e) review the group's financial and accounting policies and practices;
 - f) review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
 - g) ensure that the board will provide a timely response to the issues raised in the external auditor's management letter.
4. Report to the Board on the matters in Code on Corporate Governance Practices of Appendix 14 of the Listing Rules.
 5. Review significant connected transactions and asset disposals, as well as significant investments and external guarantees.
 6. Review use of proceeds, and comment on the truth and compliance of the use.
 7. Consider other topics, as defined by the Board, and implement other issues, as delegated by the Board.
 8. Guide and supervise the reporting of the annual report.
 9. Guide the work of internal audit department, and guide and monitor the establishment and implementation of the internal auditing policies; have the access to the work report of internal audit department and accounting department, and to regular internal and external auditing reports and financial reports. The committee will, when think necessary, require internal and/or external auditors to conduct special auditing and/or provide work or consulting reports. The committee may hire legal counsel for legal opinions.
 10. Act as the key representative body for overseeing the relations with the external auditors.
 11. Have access to all the documents the committee thinks necessary, including the annual operation plans, annual budgeting, significant investment reports,

significant contracts and agreements, among others.

12. Have the right to visit external auditors or consulting firms, important clients and suppliers, important creditors and debtors. When thinking necessary, the committee may make investigations such as on-site visits, stock-tacking, significant credits and debts in confirmations, investigation and evidence obtaining from persons involved.
13. Review arrangements employee of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The audit committee has regular meetings and extraordinary meetings The committee will have at least four meeting per year and the extraordinary meetings will be suggested and convened by the members of the committee. Full minutes of Remuneration and Assessment Committee meetings should be kept and signed by all committee members attending the meetings. The minutes shall be kept by the company secretary.

The resolutions should be submitted to the Board in written. Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records within 7 days after the meeting.