

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.



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27 September 2010

The Directors

Xinjiang Goldwind Science & Technology Co., Ltd.

China International Capital Corporation Hong Kong Securities Limited

Citigroup Global Markets Asia Limited

Hai Tong Capital (HK) Limited

Dear Sirs,

We set out below our report on the financial information regarding Xinjiang Goldwind Science & Technology Co., Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2007, 2008 and 2009, and the six-month period ended 30 June 2010 (the “Track Record Period”) (the “Financial Information”), and the six-month period ended 30 June 2009 (the “30 June 2009 Financial Information”) for inclusion in the prospectus of the Company dated 27 September 2010 (the “Prospectus”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Group is principally engaged in the development, manufacture and sale of wind turbine generators and wind power components; development of wind farms; and the provision of wind power related consultancy, wind farm construction, maintenance and transportation services.

The Company was established as a joint stock company with limited liability on 26 March 2001 in the People’s Republic of China (the “PRC”, or Mainland China, which excludes for the purpose of this report, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan). In December 2007, the Company conducted an initial public offering of its domestic common shares (“A shares”) in Mainland China. The Company’s A shares have been listed on the Shenzhen Stock Exchange since 26 December 2007.

The Group, its jointly-controlled entities and associates have adopted 31 December as their financial year end date for statutory reporting purposes. The financial statements of these companies were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “MOF”) of the PRC in 2006, and other related regulations issued by the MOF, or other accounting principles applicable to these companies in their respective jurisdictions. The statutory consolidated financial statements of the Group for the years ended 31 December 2007, 2008 and 2009 were audited by Wuzhou Songde Certified Public Accountants (“Wuzhou Songde”, 五洲松德聯合會計師事務所), a certified public accounting firm registered in the PRC. Particulars of the Company and its subsidiaries, jointly-controlled entities and associates are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group for the Track Record Period and the statements of financial position of the Company as at 31 December 2007, 2008 and 2009, and 30 June 2010 in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB") (the "IFRS Financial Statements"). We have carried out an independent audit on the IFRS Financial Statements in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board (the "IAASB").

The Financial Information set out in this report, including the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period, the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2007, 2008 and 2009, and 30 June 2010 together with the notes thereto, has been prepared from the IFRS Financial Statements.

For the purpose of this report, we have carried out an independent audit on the Financial Information in accordance with ISAs issued by the IAASB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants. No adjustments were considered necessary to adjust the IFRS Financial Statements to conform to the accounting policies referred to in note 3.2 of Section II of this report for the Track Record Period.

The IFRS Financial Statements are the responsibility of the Directors who approved their issuance. The Directors are also responsible for the contents of the Prospectus, including the preparation and the true and fair presentation of the Financial Information in accordance with IFRSs. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, and that judgements and estimates made are prudent and reasonable. It is our responsibility to form an independent opinion based on our audit of the Financial Information for the Track Record Period and to report our opinion thereon.

Procedures Performed in Respect of the Financial Information

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Procedures Performed in Respect of the 30 June 2009 Financial Information

The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the six-month period ended 30 June 2009 together with the notes thereto have been extracted from the Group's interim financial information for the same period which was prepared by the Directors solely for the purpose of this report. We conducted a review of the 30 June 2009 Financial Information in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISAs. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 June 2009 Financial Information.

Opinion in Respect of the Financial Information

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the consolidated results and cash flows of the Group for the Track Record Period and the state of affairs of the Company and of the Group as at 31 December 2007, 2008 and 2009 and 30 June 2010 in accordance with IFRSs.

Review Conclusion in Respect of the 30 June 2009 Financial Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the 30 June 2009 Financial Information does not give a true and fair view of the consolidated results and cash flows of the Group for the six-month period ended 30 June 2009.

I. FINANCIAL INFORMATION

(A) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
REVENUE	6	3,089,045	6,417,271	10,666,505	3,783,116	6,264,982
Cost of sales		(2,177,242)	(4,895,945)	(7,908,882)	(2,887,191)	(4,749,294)
Gross profit		911,803	1,521,326	2,757,623	895,925	1,515,688
Other income and gains, net . . .	6	38,167	337,298	335,583	134,925	115,384
Selling and distribution costs . . .		(107,213)	(286,699)	(689,847)	(149,284)	(364,879)
Administrative expenses		(161,930)	(237,012)	(276,341)	(84,916)	(143,793)
Other expenses		(36,221)	(145,869)	(77,440)	(35,561)	(82,285)
Finance costs	8	(22,930)	(42,950)	(62,759)	(28,389)	(43,140)
Share of profits and losses of:						
Jointly-controlled entities . . .	20	—	—	(289)	—	(27)
Associates		—	—	4,028	1,449	(2,559)
PROFIT BEFORE TAX	7	621,676	1,146,094	1,990,558	734,149	994,389
Income tax	10	8,084	(120,898)	(199,955)	(174,140)	(181,114)
PROFIT FOR THE YEAR/PERIOD		<u>629,760</u>	<u>1,025,196</u>	<u>1,790,603</u>	<u>560,009</u>	<u>813,275</u>
Other comprehensive income:						
Exchange differences on translation of foreign operations		1,824	(24,328)	7,892	3,351	(47,452)
Others		—	—	—	—	7,078
		<u>1,824</u>	<u>(24,328)</u>	<u>7,892</u>	<u>3,351</u>	<u>(40,374)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		<u>631,584</u>	<u>1,000,868</u>	<u>1,798,495</u>	<u>563,360</u>	<u>772,901</u>
Profit attributable to:						
Owners of the Company	11	624,643	906,407	1,745,580	535,318	772,750
Non-controlling interests		5,117	118,789	45,023	24,691	40,525
		<u>629,760</u>	<u>1,025,196</u>	<u>1,790,603</u>	<u>560,009</u>	<u>813,275</u>
Total comprehensive income attributable to:						
Owners of the Company		626,467	889,232	1,753,472	538,669	732,376
Non-controlling interests		5,117	111,636	45,023	24,691	40,525
		<u>631,584</u>	<u>1,000,868</u>	<u>1,798,495</u>	<u>563,360</u>	<u>772,901</u>
Earnings per share attributable to ordinary equity holders of the Company:						
Basic and diluted	13	<u>RMB0.31</u>	<u>RMB0.40</u>	<u>RMB0.78</u>	<u>RMB0.24</u>	<u>RMB0.34</u>

I. FINANCIAL INFORMATION — continued

(B) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2007	2008	2009	30 June
		RMB'000	RMB'000	RMB'000	2010
					RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	404,243	1,303,428	2,440,655	2,588,326
Investment properties	15	53,268	76,938	80,954	89,623
Prepaid land lease payments	16	62,807	79,112	160,637	176,618
Goodwill	17	16	240,195	249,882	211,930
Other intangible assets	18	17,677	320,067	346,550	305,813
Interests in jointly-controlled entities	20	—	—	69,741	49,520
Interests in associates	21	—	—	47,370	51,888
Available-for-sale investments	22	4,171	26,171	9,000	9,200
Deferred tax assets	23	11,710	101,903	190,504	220,175
Prepayments	26	—	323	1,935	4,991
Other long-term assets		—	2,021	—	17,849
Total non-current assets		<u>553,892</u>	<u>2,150,158</u>	<u>3,597,228</u>	<u>3,725,933</u>
CURRENT ASSETS					
Inventories	24	971,552	2,119,196	2,853,546	4,074,785
Trade and bills receivables	25	764,066	2,619,021	2,919,607	5,487,004
Prepayments, deposits and other receivables	26	498,398	1,036,061	830,409	1,302,303
Derivative financial instruments	30	—	—	4,667	—
Pledged deposits	27	—	—	218,538	145,967
Cash and cash equivalents	27	<u>2,679,663</u>	<u>3,286,400</u>	<u>4,458,950</u>	<u>1,709,374</u>
Total current assets		<u>4,913,679</u>	<u>9,060,678</u>	<u>11,285,717</u>	<u>12,719,433</u>
CURRENT LIABILITIES					
Trade and bills payables	28	934,525	2,544,530	3,760,207	5,420,413
Other payables	29	862,104	2,671,398	2,055,786	909,479
Derivative financial instruments	30	—	2,279	10,746	2,798
Interest-bearing bank and other borrowings	31	470,000	50,000	601,892	881,813
Tax payable		—	184,373	212,335	178,857
Dividend payable		—	—	—	784,000
Provision	32	<u>7,920</u>	<u>51,059</u>	<u>241,297</u>	<u>310,150</u>
Total current liabilities		<u>2,274,549</u>	<u>5,503,639</u>	<u>6,882,263</u>	<u>8,487,510</u>
NET CURRENT ASSETS		<u>2,639,130</u>	<u>3,557,039</u>	<u>4,403,454</u>	<u>4,231,923</u>
TOTAL ASSETS LESS CURRENT					
LIABILITIES		<u>3,193,022</u>	<u>5,707,197</u>	<u>8,000,682</u>	<u>7,957,856</u>

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I. FINANCIAL INFORMATION — continued

	Notes	As at 31 December			As at
		2007	2008	2009	30 June
		RMB'000	RMB'000	RMB'000	2010
					RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		3,193,022	5,707,197	8,000,682	7,957,856
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	31	153,000	1,281,675	2,022,121	2,040,410
Deferred tax liabilities	23	—	85,571	90,937	70,454
Provision	32	16,022	80,253	195,795	297,846
Deferred income	33	75,086	98,387	140,588	169,206
Other long-term liabilities		—	23,646	23,984	27,692
Total non-current liabilities		244,108	1,569,532	2,473,425	2,605,608
Net assets		2,948,914	4,137,665	5,527,257	5,352,248
Equity attributable to owners of the Company					
Issued share capital	34	500,000	1,000,000	1,400,000	2,240,000
Reserves	35(a)	2,333,252	2,442,484	3,661,057	2,769,433
Proposed final dividend	12	50,000	280,000	140,000	—
		2,883,252	3,722,484	5,201,057	5,009,433
Non-controlling interests		65,662	415,181	326,200	342,815
Total equity		2,948,914	4,137,665	5,527,257	5,352,248

I. FINANCIAL INFORMATION — continued

(C) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Issued share capital (note 34)	Capital reserve	Statutory surplus reserve	Retained profits	Exchange fluctuation reserve	Proposed final dividend	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2007	100,000	150,695	59,916	201,510	—	100,000	612,121	4,858	616,979
Profit for the year	—	—	—	624,643	—	—	624,643	5,117	629,760
Other comprehensive income	—	—	—	—	1,824	—	1,824	—	1,824
Final 2006 dividend declared	—	—	—	—	—	(100,000)	(100,000)	—	(100,000)
Profit appropriation to reserves	—	—	60,460	(60,460)	—	—	—	—	—
Capitalisation of reserves (note 34(a))	164,000	(130,000)	(34,000)	—	—	—	—	—	—
Issue of bonus shares (note 34(a))	186,000	—	—	(186,000)	—	—	—	—	—
Issue of new shares (note 34(b))	50,000	1,702,000	—	—	—	—	1,752,000	—	1,752,000
Share issue expenses	—	(7,336)	—	—	—	—	(7,336)	—	(7,336)
Transfer to capital reserve (note 35(b)(i))	—	4,187	—	(4,187)	—	—	—	—	—
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	39,000	39,000
Acquisition of subsidiaries (note 36(ii))	—	—	—	—	—	—	—	21,393	21,393
Disposal of a subsidiary (note 37)	—	—	—	—	—	—	—	(4,706)	(4,706)
Proposed final 2007 dividend	—	—	—	(50,000)	—	50,000	—	—	—
As at 31 December 2007 and 1 January 2008	500,000	1,719,546*	86,376*	525,506*	1,824*	50,000	2,883,252	65,662	2,948,914
Profit for the year	—	—	—	906,407	—	—	906,407	118,789	1,025,196
Other comprehensive income	—	—	—	—	(17,175)	—	(17,175)	(7,153)	(24,328)
Final 2007 dividend declared	—	—	—	—	—	(50,000)	(50,000)	—	(50,000)
Profit appropriation to reserves	—	—	70,924	(70,924)	—	—	—	—	—
Capitalisation of reserves (note 34(c))	50,000	(50,000)	—	—	—	—	—	—	—
Issue of bonus shares (note 34(c))	450,000	—	—	(450,000)	—	—	—	—	—
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	94,673	94,673
Acquisition of subsidiaries (note 36(i)(ii))	—	—	—	—	—	—	—	143,210	143,210
Proposed final 2008 dividend	—	—	—	(280,000)	—	280,000	—	—	—
As at 31 December 2008 and 1 January 2009	1,000,000	1,669,546*	157,300*	630,989*	(15,351)*	280,000	3,722,484	415,181	4,137,665
Profit for the year	—	—	—	1,745,580	—	—	1,745,580	45,023	1,790,603
Other comprehensive income	—	—	—	—	7,892	—	7,892	—	7,892
Final 2008 dividend declared	—	—	—	—	—	(280,000)	(280,000)	—	(280,000)
Profit appropriation to reserves	—	—	109,663	(109,663)	—	—	—	—	—
Dividend declared to non-controlling shareholders	—	—	—	—	—	—	—	(93,867)	(93,867)
Issue of bonus shares (note 34(d))	400,000	—	—	(400,000)	—	—	—	—	—
Share of reserves of an associate	—	569	453	4,079	—	—	5,101	—	5,101
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	22,977	22,977
Acquisition of subsidiaries (note 36(ii))	—	—	—	—	—	—	—	69,610	69,610
Disposal of subsidiaries (note 37)	—	—	—	—	—	—	—	(132,724)	(132,724)
Proposed final 2009 dividend	—	—	—	(140,000)	—	140,000	—	—	—
As at 31 December 2009	<u>1,400,000</u>	<u>1,670,115*</u>	<u>267,416*</u>	<u>1,730,985*</u>	<u>(7,459)*</u>	<u>140,000</u>	<u>5,201,057</u>	<u>326,200</u>	<u>5,527,257</u>

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I. FINANCIAL INFORMATION — continued

	Attributable to owners of the Company								
	Issued share capital (note 34)	Capital reserve	Statutory surplus reserve	Retained profits	Exchange fluctuation reserve	Proposed dividend	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009 and 1 January									
2010	1,400,000	1,670,115	267,416	1,730,985	(7,459)	140,000	5,201,057	326,200	5,527,257
Profit for the period	—	—	—	772,750	—	—	772,750	40,525	813,275
Other comprehensive income	—	7,078	—	—	(47,452)	—	(40,374)	—	(40,374)
Final 2009 dividend declared	—	—	—	—	—	(140,000)	(140,000)	—	(140,000)
Dividend declared to non-controlling shareholders	—	—	—	—	—	—	—	(1,073)	(1,073)
Issue of bonus shares (note 34(e))	840,000	—	—	(840,000)	—	—	—	—	—
Capital withdrawal of non-controlling shareholders	—	—	—	—	—	—	—	(3,414)	(3,414)
Acquisition of a subsidiary (note 36(ii))	—	—	—	—	—	—	—	100	100
Derecognition of a subsidiary (note 38)	—	—	—	—	—	—	—	(19,523)	(19,523)
Proposed dividend	—	—	—	(784,000)	—	784,000	—	—	—
Dividend declared	—	—	—	—	—	(784,000)	(784,000)	—	(784,000)
As at 30 June 2010	<u>2,240,000</u>	<u>1,677,193*</u>	<u>267,416*</u>	<u>879,735*</u>	<u>(54,911)*</u>	<u>—</u>	<u>5,009,433</u>	<u>342,815</u>	<u>5,352,248</u>
As at 31 December 2008 and 1 January									
2009	1,000,000	1,669,546	157,300	630,989	(15,351)	280,000	3,722,484	415,181	4,137,665
Profit for the period (unaudited)	—	—	—	535,318	—	—	535,318	24,691	560,009
Other comprehensive income (unaudited)	—	—	—	—	3,351	—	3,351	—	3,351
Final 2008 dividend declared (unaudited)	—	—	—	—	—	(280,000)	(280,000)	—	(280,000)
Share of reserves of an associate (unaudited)	—	569	453	4,079	—	—	5,101	—	5,101
Dividend declared to non-controlling shareholders (unaudited)	—	—	—	—	—	—	—	(93,867)	(93,867)
Issue of bonus shares (unaudited) (note 34(d))	400,000	—	—	(400,000)	—	—	—	—	—
Capital contribution from non-controlling shareholders (unaudited)	—	—	—	—	—	—	—	21,017	21,017
Disposal of a subsidiary (unaudited)	—	—	—	—	—	—	—	(53,900)	(53,900)
As at 30 June 2009 (unaudited)	<u>1,400,000</u>	<u>1,670,115</u>	<u>157,753</u>	<u>770,386</u>	<u>(12,000)</u>	<u>—</u>	<u>3,986,254</u>	<u>313,122</u>	<u>4,299,376</u>

* As at 31 December 2007, 2008 and 2009 and 30 June 2010, these reserve accounts comprise the consolidated reserves of RMB2,333,252,000, RMB2,442,484,000 and RMB3,661,057,000 and RMB2,769,433,000 respectively, in the consolidated statements of financial position.

I. FINANCIAL INFORMATION — continued

(D) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		621,676	1,146,094	1,990,558	734,149	994,389
Adjustments for:						
Finance costs	8	22,930	42,950	62,759	28,389	43,140
Foreign exchange differences, net . .	7	958	7,884	3,988	1,711	(10,777)
Bank interest income	6	(4,837)	(19,872)	(23,879)	(12,293)	(16,590)
Share of profits and losses of jointly-controlled entities		—	—	289	—	27
Share of profits and losses of associates		—	—	(4,028)	(1,449)	2,559
Depreciation	7	8,413	49,613	67,475	30,960	44,875
Amortisation of prepaid land lease payments	7	836	1,800	2,101	930	1,817
Amortisation of other intangible assets	7	2,578	24,458	12,557	10,941	23,828
Loss on disposals of items of property, plant and equipment and other intangible assets, net . .	7	23	124	9,205	3,152	38
Loss/(gain) on disposals of subsidiaries	37	335	(263,132)	(189,815)	(82,323)	—
Gain on derecognition of a subsidiary	38	—	—	—	—	(29,040)
Gain on disposal of available-for-sale investments	6	—	—	(12,750)	—	—
Dividend income		(1,508)	—	—	—	(5,051)
Fair value loss/(gain), net, on derivative financial instruments . .	30	—	2,279	3,800	(1,902)	(3,281)
Fair value adjustment of other long-term liabilities		—	(750)	—	—	—
Impairment of trade and other receivables	7	30,176	119,052	31,045	14,275	64,428
Write-down of inventories to net realisable value	7	—	9,014	1,405	—	—
Government grants	6	(18,331)	(10,662)	(51,839)	(12,391)	(24,823)
Excess over the cost of investments in associates		—	—	(1,342)	(1,342)	—
		<u>663,249</u>	<u>1,108,852</u>	<u>1,901,529</u>	<u>712,807</u>	<u>1,085,539</u>

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I. FINANCIAL INFORMATION — continued

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Increase in inventories		(679,143)	(1,156,136)	(733,366)	(1,096,775)	(1,237,368)
Increase in trade and bills receivables		(510,608)	(1,829,664)	(394,203)	(295,306)	(2,719,977)
(Increase)/decrease in prepayments, deposits and other receivables		(392,002)	(527,472)	98,223	(12,391)	(631)
Increase/(decrease) in trade and bills payables		686,862	1,940,705	1,069,838	(347,599)	1,814,564
Increase/(decrease) in other payables		759,141	1,777,960	(659,033)	(402,660)	(1,641,847)
Increase in provision		<u>23,942</u>	<u>97,722</u>	<u>305,156</u>	<u>126,028</u>	<u>181,004</u>
Cash generated from/(used in) operations		551,441	1,411,967	1,588,144	(1,315,896)	(2,518,716)
Income tax paid		<u>(108)</u>	<u>(37,109)</u>	<u>(286,352)</u>	<u>(187,798)</u>	<u>(243,937)</u>
Net cash flows from/(used in) operating activities		<u>551,333</u>	<u>1,374,858</u>	<u>1,301,792</u>	<u>(1,503,694)</u>	<u>(2,762,653)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(296,360)	(1,398,024)	(1,540,105)	(274,207)	(548,910)
Purchases of investment properties		(13,141)	—	—	—	—
Additions of prepaid land lease payments		(45,925)	(12,665)	(95,199)	(19,825)	(17,798)
Additions of other intangible assets		(8,126)	(4,802)	(42,771)	(9,078)	(26,821)
Acquisitions of subsidiaries, net of cash acquired	36	22,109	(329,994)	(9,772)	283	1,561
Purchase of shareholding in jointly-controlled entities		—	—	(70,030)	(31,018)	—
Purchase of shareholding in associates		—	—	(31,608)	—	—
Purchases of available-for-sale investments		(677)	(22,000)	(1,000)	—	(1,170)
Proceeds from disposals of items of property, plant and equipment		10	3,603	13,866	19,673	47
Proceeds from disposals of other intangible assets		24	—	7,566	9	—
Disposals of subsidiaries, net of cash disposed of	37	(4,139)	253,526	304,834	199,404	—
Derecognition of a subsidiary, net of cash	38	—	—	—	—	(1,087)

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I. FINANCIAL INFORMATION — continued

	Note	Year ended 31 December			Six-month period ended 30 June	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
Disposal of a jointly-controlled entity		—	—	3,300	—	—
Disposal of available-for-sale investments		—	—	27,750	—	—
(Increase)/decrease in pledged deposits		—	—	(218,538)	—	72,571
Decrease/(increase) in non-pledged time deposits with original maturity of three months or more when acquired		8,660	—	(80,000)	—	(1,757)
Government grants received		58,651	33,963	94,040	15,660	41,054
Interest received		4,837	19,872	21,182	9,993	19,323
Net cash flows used in investing activities		<u>(274,077)</u>	<u>(1,456,521)</u>	<u>(1,616,485)</u>	<u>(89,106)</u>	<u>(462,987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank and other borrowings		825,000	1,627,377	2,249,840	937,046	1,291,836
Repayment of bank and other borrowings		(422,000)	(918,702)	(424,500)	(296,220)	(561,046)
Interest paid		(22,930)	(50,730)	(69,155)	(55,817)	(73,073)
Proceeds from issue of new shares		1,752,000	—	—	—	—
Share issue expenses		(7,336)	—	—	—	—
Capital withdrawal of non-controlling shareholders		—	—	—	—	(4,824)
Capital contributions from non-controlling shareholders		39,000	94,673	22,977	5,712	—
Dividend paid to owners of the Company		(100,000)	(50,000)	(280,000)	(280,000)	(140,000)
Dividend paid to non-controlling shareholders		—	—	(93,867)	(83,867)	(1,073)
Net cash flows from financing activities		<u>2,063,734</u>	<u>702,618</u>	<u>1,405,295</u>	<u>226,854</u>	<u>511,820</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,340,990	620,955	1,090,602	(1,365,946)	(2,713,820)
Cash and cash equivalents at beginning of the year/period		339,676	2,679,663	3,286,400	3,286,400	4,378,950
Effect of foreign exchange rate changes, net		<u>(1,003)</u>	<u>(14,218)</u>	<u>1,948</u>	<u>16</u>	<u>(37,513)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	27	<u>2,679,663</u>	<u>3,286,400</u>	<u>4,378,950</u>	<u>1,920,470</u>	<u>1,627,617</u>

I. FINANCIAL INFORMATION — continued

(E) STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2007	2008	2009	30 June
		RMB'000	RMB'000	RMB'000	2010
					RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	141,735	206,899	205,806	203,468
Investment properties	15	53,268	73,557	77,762	76,697
Prepaid land lease payments	16	19,305	31,002	44,159	44,295
Other intangible assets	18	17,677	18,426	22,929	28,160
Investments in subsidiaries	19	206,158	1,239,604	1,367,164	1,397,448
Investment in a jointly-controlled entity	20	—	—	17,500	17,500
Investments in associates	21	—	—	44,140	44,140
Available-for-sale investments	22	3,171	25,171	8,000	8,000
Deferred tax assets	23	<u>10,139</u>	<u>54,524</u>	<u>93,191</u>	<u>134,344</u>
Total non-current assets		<u>451,453</u>	<u>1,649,183</u>	<u>1,880,651</u>	<u>1,954,052</u>
CURRENT ASSETS					
Inventories	24	965,185	1,548,237	1,967,234	2,171,402
Trade and bills receivables	25	755,751	2,240,838	2,285,100	4,947,981
Prepayments, deposits and other receivables	26	603,500	710,381	783,211	1,185,069
Derivative financial instruments	30	—	—	4,667	—
Pledged deposits	27	—	—	218,538	145,967
Cash and cash equivalents	27	<u>2,573,341</u>	<u>1,643,067</u>	<u>2,215,797</u>	<u>741,915</u>
Total current assets		<u>4,897,777</u>	<u>6,142,523</u>	<u>7,474,547</u>	<u>9,192,334</u>
CURRENT LIABILITIES					
Trade and bills payables	28	929,308	1,692,819	2,266,854	3,812,030
Other payables	29	873,948	2,139,776	1,938,308	833,570
Derivative financial instruments	30	—	2,279	10,746	2,798
Interest-bearing bank loans	31	470,000	50,000	259,492	264,646
Tax payable		—	87,527	143,812	101,769
Dividend payable		—	—	—	784,000
Provision	32	<u>9,993</u>	<u>36,636</u>	<u>133,300</u>	<u>212,239</u>
Total current liabilities		<u>2,283,249</u>	<u>4,009,037</u>	<u>4,752,512</u>	<u>6,011,052</u>
NET CURRENT ASSETS		<u>2,614,528</u>	<u>2,133,486</u>	<u>2,722,035</u>	<u>3,181,282</u>
TOTAL ASSETS LESS CURRENT					
LIABILITIES		<u>3,065,981</u>	<u>3,782,669</u>	<u>4,602,686</u>	<u>5,135,334</u>

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I. FINANCIAL INFORMATION — continued

	Notes	As at 31 December			As at
		2007	2008	2009	30 June
		RMB'000	RMB'000	RMB'000	2010
					RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		3,065,981	3,782,669	4,602,686	5,135,334
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	31	135,000	115,000	—	—
Provision	32	20,215	74,110	153,209	249,714
Deferred income	33	55,291	78,841	116,268	120,531
Total non-current liabilities		210,506	267,951	269,477	370,245
Net assets		2,855,475	3,514,718	4,333,209	4,765,089
EQUITY					
Issued share capital	34	500,000	1,000,000	1,400,000	2,240,000
Reserves	35(b)	2,305,475	2,234,718	2,793,209	2,525,089
Proposed final dividend	35(b)	50,000	280,000	140,000	—
Total equity		2,855,475	3,514,718	4,333,209	4,765,089

II. NOTES TO FINANCIAL INFORMATION

1. Corporate Information

The Company was established as a joint stock company with limited liability on 26 March 2001 in the PRC. The Company's A shares have been listed on The Shenzhen Stock Exchange from 26 December 2007 onwards. The registered office of the Company is located at 107 Shanghai Road, Economic & Technology Development District, Urumqi, Xinjiang, the PRC.

In the opinion of the Directors, the Company has no controlling shareholder.

As at 30 June 2010, the Company had interests in the following subsidiaries, jointly-controlled entities and associates, all of which are private companies:

Subsidiaries

Company name*	Notes	Place and date of incorporation/ operations	Nominal value of authorised/ issued and fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd. (北京金風科創風電設備有限公司)	(i)	The PRC/ Mainland China 13 February 2006	RMB350,000,000	100	—	Manufacture and sale of wind power equipment and accessories
Inner Mongolia Goldwind Science & Technology Co., Ltd. (內蒙古金風科技有限公司)	(i)	The PRC/ Mainland China 28 April 2006	RMB150,000,000	100	—	Manufacture and sale of wind power equipment and accessories
Goldwind Windenergy GmbH ("Goldwind Windenergy")	(vi)	Germany 18 May 2006	EUR350,000	100	—	Investment holding
Vensys Energy AG ("Vensys AG")	(v)	Germany 14 February 2000	EUR5,000,000	—	70	Provision of technical services and manufacture and sale of wind power equipment and accessories
Vensys Elektrotechnik GmbH	(vi)	Germany 13 November 1998	EUR100,000	—	63	Provision of technical services and manufacture and sale of wind power equipment and accessories
Vensys Windenergie Geschäftsführungs GmbH	(vii)	Germany 10 November 2009	EUR25,000	—	70	Investment holding
Vensys Windpark Tholey GmbH & Co. KG	(vii)	Germany 10 November 2009	EUR200,000	—	70	Construction and operation of wind farm
Vensys Windpark Wagenfeld Betriebsgesellschaft mbH & Co. KG	(vii)	Germany 13 October 2009	EUR200,000	—	66.5	Construction and operation of wind farm
Vensys Windpark Wagenfeld Verwaltungs-GmbH	(vii)	Germany 10 December 2009	EUR25,000	—	66.5	Investment holding
Beijing Tianrun New Energy Investment Co., Ltd. (北京天潤新能投資有限公司)	(ii)	The PRC/ Mainland China 11 April 2007	RMB331,600,000	100	—	Investment holding
Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd. ("Beijing Tianyuan") (北京天源科創風電技術有限責任公司).	(iii)	The PRC/ Mainland China 29 September 2005	RMB45,000,000	83.33	—	Provision of wind farm construction and technical services and sale of wind power accessories
Xinjiang Tianyun Wind Power Equipment Distribution Co., Ltd. (新疆天運風電設備配送有限公司)	(ii)	The PRC/ Mainland China 11 June 2007	RMB4,000,000	100	—	Transportation agent
Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd. (甘肅金風風電設備製造有限公司)	(iv)	The PRC/ Mainland China 26 March 2008	RMB88,600,000	100	—	Manufacture and sale of wind power equipment and accessories

II. NOTES TO FINANCIAL INFORMATION — continued

1. Corporate Information — continued

Subsidiaries — continued

Company name*	Notes	Place and date of incorporation/ operations	Nominal value of authorised/ issued and fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Xi'an Goldwind Science & Technology Co., Ltd. (西安金風科技有限公司)	(iv)	The PRC/ Mainland China 8 May 2008	RMB60,000,000	100	—	Manufacture and sale of wind power equipment and accessories
Nanjing Goldwind Science & Technology Co., Ltd. (南京金風科技有限公司)	(iv)	The PRC/ Mainland China 12 September 2008	RMB116,000,000	100	—	Manufacture and sale of wind power equipment and accessories
Beijing Techwin Electric Co., Ltd. (北京天誠同創電氣有限公司)	(iv), (xiii)	The PRC/ Mainland China 16 December 2008	RMB10,000,000	75	—	Manufacture and sale of wind power equipment and accessories
Urumchi Goldwind Tianyi Wind Power Co., Ltd. (烏魯木齊金風天翼風電有限公司)	(viii)	The PRC/ Mainland China 27 October 2009	RMB5,000,000	100	—	Construction and operation of wind farm
Beijing Goldwind Tiantong Import and Export Trading Co., Ltd. (北京金風天通進出口貿易有限公司)	(viii)	The PRC/ Mainland China 30 November 2009	RMB3,000,000	100	—	Machinery and technology trader
Jiangsu Goldwind Wind Power Equipment Manufacture Co., Ltd. (江蘇金風風電設備製造有限公司)	(viii)	The PRC/ Mainland China 13 November 2009	RMB65,000,000	100	—	Manufacture and sale of wind power equipment and accessories
Tianyun Wind Power (Beijing) Logistics Co., Ltd. (天運風電(北京)物流有限公司)	(viii)	The PRC/ Mainland China 22 December 2009	RMB4,000,000	100	—	Transportation agent
Goldwind USA, Inc.	(ix)	United States of America 30 November 2009	US\$100,000	100	—	Manufacture and sale of wind power equipment and accessories
Goldwind Australia Pty Ltd.	(ix)	Australia 21 December 2009	US\$87,500	100	—	Manufacture and sale of wind power equipment and accessories
Inner Mongolia Bayannur Fuhui Wind Energy Electricity Co., Ltd. ("Bayannur Fuhui") (內蒙古巴彥淖爾富滙風能電力有限公司)	(iii), (xiii)	The PRC/ Mainland China 26 April 2004	RMB40,000,000	—	51	Investment holding
Damao Qi Tianrun Wind Power Co., Ltd. (達茂旗天潤風電有限公司)	(ii)	The PRC/ Mainland China 26 July 2007	RMB100,000,000	—	100	Construction and operation of wind farm
Buerjin Tianrun Wind Power Co., Ltd. (布爾津縣天潤風電有限公司)	(ii)	The PRC/ Mainland China 21 September 2007	RMB57,500,000	—	100	Construction and operation of wind farm
Shangdu Tianrun Wind Power Co., Ltd. (商都縣天潤風電有限公司)	(ii)	The PRC/ Mainland China 28 September 2007	RMB84,000,000	—	51	Construction and operation of wind farm
Hami Tianrun New Energy Co., Ltd. (哈密天潤新能源有限公司)	(iv)	The PRC/ Mainland China 12 November 2008	RMB2,000,000	—	100	Construction and operation of wind power and solar power generation projects
Xianghuang Qi Tianrun Wind Power Co., Ltd. (鑲黃旗天潤風電有限公司)	(iv)	The PRC/ Mainland China 18 November 2008	RMB1,000,000	—	100	Construction and operation of wind farm
Tacheng Tianrun New Energy Co., Ltd. (塔城天潤新能源有限公司)	(viii)	The PRC/ Mainland China 2 March 2009	RMB1,000,000	—	100	Construction and operation of wind power and solar power generation projects
Guazhou Tianrun Wind Power Co., Ltd. (瓜州天潤風電有限公司)	(viii)	The PRC/ Mainland China 6 March 2009	RMB20,000,000	—	100	Construction and operation of wind farm

II. NOTES TO FINANCIAL INFORMATION — continued

1. Corporate Information — continued

Subsidiaries — continued

Company name*	Notes	Place and date of incorporation/ operations	Nominal value of authorised/ issued and fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Sunite Youqi Tianrunlong Wind Power Co., Ltd. (蘇尼特右旗天潤龍風電有限公司)	(viii)	The PRC/ Mainland China 1 April 2009	RMB1,000,000	—	51	Construction and operation of wind farm
Yichun Taiyangfeng New Energy Co., Ltd. (“Yichun Taiyangfeng”) (伊春太陽風新能源有限公司)	(x)	The PRC/ Mainland China 7 December 2007	RMB75,000,000	—	66	Construction and operation of wind farm
Tongyu Fuhui Wind Energy Co., Ltd. (通榆富匯風能有限公司)	(viii), (xiii)	The PRC/ Mainland China 15 July 2009	RMB126,000,000	—	51	Construction and operation of wind farm
Boli Double Star Wind Power Development Co., Ltd. (“Double Star”) (勃利縣雙星風電開發有限責任公司)	(x)	The PRC/ Mainland China 20 March 2009	RMB500,000	—	100	Construction and operation of wind farm
Beijing Xingqiyuan Energy Conservation Technology Co., Ltd. (“Xingqiyuan”) (北京興啟源節能科技有限公司)	(x)	The PRC/ Mainland China 15 November 2004	RMB12,500,000	—	81.67	Construction and operation of wind farm
TianRun USA, Inc.	(xi)	United States of America 10 June 2009	US\$1,500,000	—	100	Investment holding
TianRun Uilk, LLC (“TianRun Uilk”)	(xi)	United States of America 24 March 2009	US\$1,500,000	—	100	Construction and operation of wind farm
Uilk Wind Farm LLC	(xi)	United States of America 6 February 2008	US\$10,000	—	97	Construction and operation of wind farm
Chifeng Huifeng New Energy Co., Ltd. (“Chifeng Huifeng”) (赤峰市匯風新能源有限公司)	(x), (xiii)	The PRC/ Mainland China 19 November 2007	RMB64,000,000	—	51	Construction and operation of wind farm
Tacheng Tianrun Wind Power Co., Ltd. (塔城天潤風電有限公司)	(viii)	The PRC/ Mainland China 19 October 2009	RMB1,000,000	—	100	Construction and operation of wind farm
Urumchi Tianrun Wind Power Co., Ltd. (烏魯木齊天潤風電有限公司)	(viii)	The PRC/ Mainland China 27 October 2009	RMB2,000,000	—	100	Construction and operation of wind farm
Chifeng Tianrun Xinneng New Energy Co., Ltd. (赤峰市天潤鑫能新能源有限公司)	(viii)	The PRC/ Mainland China 24 November 2009	RMB5,000,000	—	90	Manufacture and sale of wind power equipment and accessories
Shouzhou Pinglu Tianhui Wind Power Co., Ltd. (“Shouzhou Pinglu”) (朔州市平魯天匯風電有限公司)	(xiv)	The PRC/ Mainland China 30 October 2009	RMB10,000,000	—	99	Construction and operation of wind farm
Tianrun Australia Pty. Ltd.	(xv)	Australia 3 March 2010	AUD820,847	—	100	Investment holding and provision of wind farm technical services and maintenance services
Chifeng Shengfeng New Energy Co., Ltd. (赤峰市盛風新能源有限公司)	(xv)	The PRC/ Mainland China 2 April 2010	RMB500,000	—	100	Construction and operation of wind farm
Chifeng Shenghua New Energy Co., Ltd. (赤峰市盛華新能源有限公司)	(xv)	The PRC/ Mainland China 2 April 2010	RMB500,000	—	100	Construction and operation of wind farm
Chifeng Runfeng Wind Power Equipment Co., Ltd. (赤峰市潤風風電設備有限公司)	(xv)	The PRC/ Mainland China 7 April 2010	RMB400,000	—	100	Manufacture and sale of wind power equipment and accessories

II. NOTES TO FINANCIAL INFORMATION — continued

1. Corporate Information — continued

Subsidiaries — continued

Company name*	Notes	Place and date of incorporation/ operations	Nominal value of authorised/ issued and fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Ulan Qab Goldwind Wind Power Equipment Co., Ltd. (烏蘭察布市金風風電設備有限公司)	(xv)	The PRC/ Mainland China 2 June 2010	RMB5,000,000	—	100	Manufacture and sale of wind power equipment and accessories
Dongying Goldwind Wind Power Equipment Manufacture Co., Ltd. (東營金風風電設備製造有限公司)	(xv)	The PRC/ Mainland China 9 June 2010	RMB28,000,000	100	—	Manufacture and sale of wind power equipment and accessories
Fuxin Goldwind Wind Power Equipment Manufacture Co., Ltd. (阜新金風風電設備製造有限公司)	(xv)	The PRC/ Mainland China 11 June 2010	RMB1,000,000	100	—	Manufacture and sale of wind power equipment and accessories
Pinglu Tianrun Wind Power Co., Ltd. (平陸天潤風電有限公司)	(xv)	The PRC/ Mainland China 29 June 2010	RMB1,000,000	—	100	Provision of wind farm construction and related services

Jointly-controlled entities

Company name*	Notes	Place and date of incorporation/ operations	Nominal value of issued and fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Gannan Town Fuhui Wind Energy Co., Ltd. (“Gannan Fuhui”) (甘南縣富匯風能有限公司)	(xii)	The PRC/ Mainland China 3 July 2009	RMB2,000,000	—	51	Construction and operation of wind farm
Jilin Tongli Wind Power Co., Ltd. (“Jilin Tongli”) (吉林同力風力發電有限公司)	(xii)	The PRC/ Mainland China 1 June 2006	RMB96,000,000	—	51	Construction and operation of wind farm
Shanghai Yicheng Electric Power Engineering Co., Ltd. (“Shanghai Yicheng”) (上海頤成電力工程有限公司)	(xii)	The PRC/ Mainland China 18 May 2009	RMB5,000,000	—	51	Construction and operation of wind farm and other industrial architecture
Jiangsu Chenfeng New Material Technology Co., Ltd. (“Jiangsu Chenfeng”) (江蘇辰風新材料科技有限公司)	(xii)	The PRC/ Mainland China 16 November 2009	RMB50,000,000	35	—	Research and development of new materials
Qianguo Fuhui Wind Energy Co., Ltd. (“Qianguo Fuhui”) (前郭富匯風能有限公司)	(x), (xvi)	The PRC/ Mainland China 26 March 2007	RMB40,000,000	—	51	Construction and operation of wind farm

Associates

Company name*	Notes	Place and date of incorporation/ operations	Nominal value of issued and fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Hebei Goldwind Electric Equipment Co., Ltd. (“Hebei Goldwind”) (河北金風電控設備有限公司)	(xii)	The PRC/ Mainland China 7 September 2004	RMB26,000,000	27.22	—	Manufacture and sale of wind power equipment and accessories
Jiangxi Jinli Mag Rare-Earth Co., Ltd. (“Jiangxi Jinli”) (江西金力永磁科技有限公司)	(xii)	The PRC/ Mainland China 19 August 2008	RMB100,000,000	34	—	Manufacture and sale of Nd-Fe-B magnet, and permanent-magnet wind power equipment and accessories

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

II. NOTES TO FINANCIAL INFORMATION — continued**1. Corporate Information — continued**

All the above companies are limited liability companies.

Notes:

- (i) The statutory accounts of these subsidiaries for the three years ended 31 December 2007, 2008 and 2009 were audited by Wuzhou Songde.
- (ii) The statutory accounts of these subsidiaries for the periods from the dates of incorporation to 31 December 2007 and for the two years ended 31 December 2008 and 2009 were audited by Wuzhou Songde.
- (iii) The statutory accounts of these subsidiaries for the three years ended 31 December 2007, 2008 and 2009 were audited by Wuzhou Songde. These subsidiaries were acquired by the Group in May 2007 and June 2007, respectively.
- (iv) The statutory accounts of these subsidiaries for the periods from the dates of incorporation to 31 December 2008 and for the year ended 31 December 2009 were audited by Wuzhou Songde.
- (v) The statutory accounts of this subsidiary, which was acquired by the Group in April 2008, for the two years ended 31 December 2008 and 2009 were audited by Susat & Partner oHG Wirtschaftsprüfungsgesellschaft, a certified public accounting firm registered in Germany.
- (vi) No statutory accounts had been prepared for these subsidiaries for each of the three years ended 31 December 2009 as a statutory audit was not required for these subsidiaries in Germany. Goldwind Windenergy is the parent company of Vensys AG whereas Vensys Elektrotechnik GmbH is the subsidiary of Vensys AG.
- (vii) These subsidiaries were incorporated by the Group during the year ended 31 December 2009. No statutory accounts had been prepared for these subsidiaries for the periods from the dates of incorporation to 31 December 2009 as a statutory audit was not required for these subsidiaries in Germany. These subsidiaries are the subsidiaries of Vensys AG.
- (viii) These subsidiaries were incorporated by the Group during the year ended 31 December 2009, and the statutory accounts of these subsidiaries for the periods from the dates of incorporation to 31 December 2009 were audited by Wuzhou Songde.
- (ix) These subsidiaries were incorporated by the Group during the year ended 31 December 2009. No statutory accounts had been prepared for these subsidiaries for the year ended 31 December 2009 as they were dormant companies as of 31 December 2009.
- (x) These subsidiaries were acquired by the Group during the year ended 31 December 2009, and the statutory accounts of these subsidiaries for the year ended 31 December 2009 were audited by Wuzhou Songde.
- (xi) TianRun Uilk was acquired by the Group during the year ended 31 December 2009. Uilk Wind Farm LLC is a subsidiary of TianRun Uilk. The statutory accounts of Uilk Wind Farm LLC for the year ended 31 December 2009 were audited by Eide Bailly LLP, a certified public accounting firm registered in the United States of America. No statutory accounts had been prepared for TianRun Uilk and TianRun USA, Inc. for the year ended 31 December 2009 as a statutory audit was not required for these subsidiaries in the United States of America.
- (xii) These companies became the Group's jointly-controlled entities or associates during the year ended 31 December 2009. The statutory accounts of Jilin Tongli, Jiangsu Chenfeng, Hebei Goldwind and Jiangxi Jinli for the year ended 31 December 2009 were audited by Baicheng Sanyuan Certified Public Accountants (白城三元會計師事務所), Yancheng Zhongxingning United Certified Public Accountants (鹽城中興寧聯合會計師事務所), Chengde Beifang Certified Public Accountants Limited Company (承德北方會計師事務所有限責任公司), the three certified public accounting firms registered in the PRC, and Wuzhou Songde, respectively. No statutory accounts had been prepared for Gannan Fuhui and Shanghai Yicheng for the year ended 31 December 2009 as a statutory audit was not required for these jointly-controlled entities by the local governments.
- (xiii) During the Track Record Period, the Company directly or indirectly owned more than half of equity interests in these companies but the voting power attached to the equity interests did not allow the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. According to the articles of association, the Company or one of the Company's subsidiaries (the "Subsidiary"), as the case may be, is the biggest equity owner of these companies and no other equity owners individually or in the aggregate had the power to control these companies. The Company or the Subsidiary, as the case may be, which holds the shareholding interests in these companies, had signed the voting right agreements with the other equity owners of these companies during the Track Record Period, whereby such equity owners have agreed to vote unanimously with the Company or the Subsidiary in the financial and operating activities of these companies. Such equity owners have also confirmed that the unanimous voting with the Company or the Subsidiary existed since these entities were incorporated or acquired by the Company or the Subsidiary. The PRC lawyer of the Company confirmed that the voting right agreements are valid under the relevant PRC laws. Considering the above-mentioned factors, the Directors are of the opinion that the Company or the Subsidiary, as the case may be, controlled these entities during the periods from the dates of their establishment or acquisition by the Group to 30 June 2010 or to the date that these companies were ceased to be controlled by the Company or the Subsidiary. Therefore the financial statements of these companies are consolidated by the Company during the periods from the dates of their establishment or acquisition by the Group to 30 June 2010 or to the date that these companies were ceased to be controlled by the Company or the Subsidiary.
- (xiv) This subsidiary was acquired by the Group during the six-month period ended 30 June 2010.
- (xv) These subsidiaries were incorporated by the Group during the six-month period ended 30 June 2010.

II. NOTES TO FINANCIAL INFORMATION — continued**1. Corporate Information — continued**

(xvi) On 16 June 2010, the Subsidiary (as defined in note (xiii) above) signed a letter of intent (the “LOI”) with the other equity owner of Qianguo Fuhui (the “Other Joint Venture Partner”) confirming that the Subsidiary has an intension to dispose of its 49% equity interest in Qianguo Fuhui to the Other Joint Venture Partner. As an integral part of the LOI, the voting right agreement previously signed by the Subsidiary and the Other Joint Venture Partner as detailed in note (xiii) above would be terminated from the date of the LOI. As such, effective from the date of the LOI, Qianguo Fuhui was ceased to be controlled by the Subsidiary. Therefore, from the date of LOI onward, Qianguo Fuhui has been accounted for as a jointly-controlled entity of the Group. As of the date of this report, the aforesaid intended equity disposal transaction has yet to be completed.

2. Basis of Presentation and Preparation

- (a) The Financial Information has been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the IASB, and the International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting periods commencing from 1 January 2007, 2008 and 2009, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Track Record Period.
- (b) This Financial Information has been prepared under the historical cost convention, except for certain derivative financial instruments, which have been measured at fair value. In addition, this Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, except when otherwise indicated.

II. NOTES TO FINANCIAL INFORMATION — continued

3.1 Issued But Not Yet Effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information herein.

IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosure of First-time Adopters</i> ⁽²⁾
IFRS 9	<i>Financial Instruments</i> ⁽⁴⁾
IAS 24 (Revised)	<i>Related Party Disclosures</i> ⁽³⁾
IAS 32 Amendment	Amendment to IAS 32 <i>Financial Instruments: Presentation — Classification of Rights Issues</i> ⁽¹⁾
IFRIC 14 Amendments	Amendments to IFRIC 14 <i>Prepayments of a Minimum Funding Requirement</i> ⁽³⁾
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ⁽²⁾
Annual Improvements Project	Improvements to IFRSs — <i>a collection of amendments to seven International Financial Reporting Standards</i> ⁽³⁾

Apart from the above, the IASB has issued *Improvements to IFRSs* in May 2010 which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Improvements to IFRSs issued in May 2010 contains amendments to IFRS 1, IFRS 3, IFRS 7 and IAS 1 and transition requirements for amendments arising as a result of IAS 27, IAS 34 and IFRIC 13. Except for the amendments to IFRS 3 and IAS 1 and transition requirements for amendments arising as a result of IAS 27 which are effective for annual periods beginning on or after 1 July 2010, the amendments are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

(1) Effective for annual periods beginning on or after 1 February 2010

(2) Effective for annual periods beginning on or after 1 July 2010

(3) Effective for annual periods beginning on or after 1 January 2011

(4) Effective for annual periods beginning on or after 1 January 2013

The IFRS 1 Amendments provide relief from the full retrospective application of IFRSs for the measurement of oil and gas assets and leases. As a result of extending the options for determining deemed cost to oil and gas assets, the existing exemption relating to decommissioning liabilities has also been revised. The amendments will not have any financial impact on the Group.

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety by the end of 2010. The Group expects to adopt IFRS 9 from 1 January 2013.

II. NOTES TO FINANCIAL INFORMATION — continued

3.1 Issued But Not Yet Effective IFRSs — continued

IAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt IAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly. While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government related entities.

The IAS 32 Amendment revises the definition of financial liabilities such that rights, options or warrants issued to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments, provided that the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The Group expects to adopt the IAS 32 Amendments from 1 January 2011. As the Group currently has no such rights, options or warrants in issue, the amendment is unlikely to have any financial impact on the Group.

The IFRIC 14 Amendments remove an unintended consequence arising from the treatment of prepayments of future contributions in certain circumstances when there is a minimum funding requirement. The amendments require an entity to treat the benefit of an early payment as a pension asset. The Group expects to adopt the IFRIC 14 Amendments from 1 January 2011. As the Group has no defined benefit scheme, the amendments will not have any financial impact on the Group.

IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The Group expects to adopt the interpretation from 1 January 2011. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and the difference between the carrying amount of the financial liability extinguished, and the consideration paid, shall be recognised in profit or loss. The consideration paid should be measured based on the fair value of the equity instrument issued or, if the fair value of the equity instrument cannot be reliably measured, the fair value of the financial liability extinguished. As the Group has not undertaken such transactions, the interpretation is unlikely to have any material financial impact on the Group.

The Group is in the process of making an assessment of the impact of these new, revised and amended IFRSs and IFRIC upon initial application. So far, these new and revised IFRS are unlikely to have a significant impact on the Group's results of operations and financial position.

3.2 Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the Track Record Period. The results of subsidiaries are consolidated from the date of incorporation or the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full. Upon disposal of subsidiaries,

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Basis of consolidation — continued**

including wind farm project companies, gains on disposal of subsidiaries are recorded in other income and gains in the statements of comprehensive income.

The acquisition of subsidiaries during the Track Record Period has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the ventures stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the ventures, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

- (a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;
- (b) a jointly-controlled entity, if the Group/Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;
- (c) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (d) an equity investment accounted for in accordance with IAS 39, if the Group/Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Jointly-controlled entities**

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of jointly-controlled entities are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's interests in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of associates are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Goodwill — continued**

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries, associates and jointly-controlled entities (previously referred to as negative goodwill), after reassessment, is recognised immediately in profit or loss.

The excess for associates and jointly-controlled entities is included in the Group's share of the associates' and jointly-controlled entities' profits or losses in the period in which the investments are acquired.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is

II. NOTES TO FINANCIAL INFORMATION — continued

3.2 Summary of Significant Accounting Policies — continued

Impairment of non-financial assets other than goodwill — continued

reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.4% to 3.2%
Machinery	4.8% to 19.2%
Vehicles	9.6% to 19.2%
Electronic equipment and others	9.6% to 19.2%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued*****Property, plant and equipment and depreciation — continued***

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress representing property, plant and equipment under construction is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of investment properties using the straight-line method over the estimated useful lives of 20 to 50 years. Owner-occupied property is transferred to investment property when there is a change in use evidenced by the end of owner occupation.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licenses

Purchased patents and licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over the shorter of their estimated useful lives of 7 to 10 years and the relevant license periods.

Research and development costs

All research costs are charged to profit or loss as incurred.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued*****Intangible assets (other than goodwill) — continued***

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products commencing from the date when the products are put into commercial production.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets***Initial recognition and measurement***

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued*****Investments and other financial assets — continued***

assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and bills receivables, other receivables, other long-term assets, derivative financial instruments and available-for-sale investments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss. These net fair value changes not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in profit or loss. The loss arising from impairment is recognised in profit or loss in other operating expenses.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued*****Investments and other financial assets — continued***

interest rate. The effective interest rate amortisation is included in financial income in profit or loss. The loss arising from impairment is recognised in the financial costs in profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in profit or loss and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management’s intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Fair value of financial assets

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued*****Impairment of financial assets***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued*****Impairment of financial assets — continued***

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is to be evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss — is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities***Initial recognition and measurement***

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Financial liabilities — continued**

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, other long-term liabilities, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Derivative financial instruments***Initial recognition and subsequent measurement***

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Forward currency contracts are initially recognised at fair value on the date on which such derivative contracts are entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress, semi-finished goods and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Income tax — continued**

deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled entities, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of individual wind turbines based on standard solutions (supply-only projects) as well as spare parts sales, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued****Revenue recognition — continued**

- (b) from the sale of electricity, upon the transmission of electric power to the power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies periodically;
- (c) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for “Construction contracts” above;
- (d) from the rendering of wind power services, when the agreed services are performed, provided over the term of the agreement;
- (e) rental income, on a time proportion basis over the lease terms;
- (f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (g) dividend income, when the shareholders’ right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss.

II. NOTES TO FINANCIAL INFORMATION — continued**3.2 Summary of Significant Accounting Policies — continued*****Foreign currencies — continued***

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and jointly-controlled entities are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Employee benefits***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are recognised as expenses in profit or loss as incurred.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

II. NOTES TO FINANCIAL INFORMATION — continued**4. Summary of Significant Judgements and Estimates****Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. Depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at each date of the statement of financial position, based on changes in circumstances.

The carrying amounts of property, plant and equipment as at 31 December 2007, 2008 and 2009 and 30 June 2010 were approximately RMB404,243,000, RMB1,303,428,000 and RMB2,440,655,000 and RMB2,588,326,000, respectively. More details are given in note 14.

II. NOTES TO FINANCIAL INFORMATION — continued**4. Summary of Significant Judgements and Estimates — continued*****Estimation uncertainty — continued****Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2007, 2008 and 2009 and 30 June 2010 were approximately RMB16,000, RMB240,195,000 and RMB249,882,000 and RMB211,930,000, respectively. More details are given in note 17.

Current income tax

The Group is subject to income taxes in numerous jurisdictions in the PRC. Judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax in the periods in which the differences arise.

The carrying amounts of tax payables as at 31 December 2007, 2008 and 2009 and 30 June 2010 were nil, RMB184,373,000 and RMB212,335,000 and RMB178,857,000, respectively.

Deferred income tax

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

The carrying amounts of deferred tax assets as at 31 December 2007, 2008 and 2009 and 30 June 2010 were RMB11,710,000, RMB101,903,000 and RMB190,504,000 and RMB220,175,000, respectively. More details are given in note 23.

The carrying amounts of deferred tax liabilities as at 31 December 2007, 2008 and 2009 and 30 June 2010 were nil, RMB85,571,000 and RMB90,937,000 and RMB70,454,000, respectively. More details are given in note 23.

Impairment of trade and bills receivables

The Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade and bills receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than expected, the Group would be required to revise the basis for making the allowance and its future results would be affected.

II. NOTES TO FINANCIAL INFORMATION — continued**4. Summary of Significant Judgements and Estimates — continued*****Estimation uncertainty — continued***

The carrying amounts of trade and bills receivables as at 31 December 2007, 2008 and 2009 and 30 June 2010 were RMB764,066,000, RMB2,619,021,000 and RMB2,919,607,000 and RMB5,487,004,000, respectively. More details are given in note 25.

Warranty provision

Provision for product warranties granted by the Group to certain products is recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate. At 31 December 2007, 2008 and 2009 and 30 June 2010, the best estimates of the carrying amounts of warranty provisions were RMB23,942,000, RMB131,312,000 and RMB437,092,000 and RMB607,996,000, respectively. More details are given in note 32.

5. Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) The manufacturing segment engages in the research and development, manufacture and sale of wind turbine generators and wind power components;
- (b) The wind power services segment provides wind power related consultancy, wind farm construction, maintenance and transportation services; and
- (c) The wind farm development segment engages in development of wind farms, consisting of wind power generation service provided by the Group's wind farms as well as sale of wind farms, if appropriate.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax from continuing operations. The adjusted profit or loss before tax from continuing operations is measured consistently with the Group's profit or loss before tax from continuing operations.

Intersegment revenues are eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

II. NOTES TO FINANCIAL INFORMATION — continued

5. Segment Information — continued

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the three years ended 31 December 2007, 2008 and 2009 and the six-month periods ended 30 June 2009 and 2010.

	Year ended 31 December 2007				
	Wind turbine generator manufacturing and sales RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	3,079,212	9,833	—	—	3,089,045
Intersegment sales	—	22,013	—	(22,013)	—
Total revenue	<u>3,079,212</u>	<u>31,846</u>	<u>—</u>	<u>(22,013)</u>	<u>3,089,045</u>
Segment results	620,464	15,649	(5,085)	8,741	639,769
Interest income	4,494	12	331	—	4,837
Finance costs	<u>(21,941)</u>	<u>(989)</u>	<u>—</u>	<u>—</u>	<u>(22,930)</u>
Profit/(loss) before tax	<u>603,017</u>	<u>14,672</u>	<u>(4,754)</u>	<u>8,741</u>	<u>621,676</u>
Segment assets	<u>5,380,841</u>	<u>80,820</u>	<u>140,196</u>	<u>(134,286)</u>	<u>5,467,571</u>
Segment liabilities	<u>2,510,582</u>	<u>23,316</u>	<u>44,730</u>	<u>(59,971)</u>	<u>2,518,657</u>
Other segment information:					
Depreciation and amortisation	10,774	990	63	—	11,827
Impairment of trade and other receivables	31,332	1,166	152	(2,474)	30,176
Product warranty provision	52,768	—	—	(20,958)	31,810
Capital expenditure ⁽¹⁾	271,467	19,194	105,122	—	395,783

(1) Capital expenditure mainly consists of additions of property, plant and equipment, other intangible assets, prepaid land lease payments and investment properties including assets from the acquisition of subsidiaries.

II. NOTES TO FINANCIAL INFORMATION — continued

5. Segment Information — continued

	Year ended 31 December 2008				
	Wind turbine generator manufacturing and sales	Wind power services	Wind farm development	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
Sales to external customers	6,299,251	29,564	88,456	—	6,417,271
Intersegment sales	449,579	84,503	—	(534,082)	—
Total revenue	<u>6,748,830</u>	<u>114,067</u>	<u>88,456</u>	<u>(534,082)</u>	<u>6,417,271</u>
Segment results	981,868	24,026	295,431	(132,153)	1,169,172
Interest income	18,564	285	1,023	—	19,872
Finance costs	(35,883)	(1,031)	(6,036)	—	(42,950)
Profit before tax	<u>964,549</u>	<u>23,280</u>	<u>290,418</u>	<u>(132,153)</u>	<u>1,146,094</u>
Segment assets	<u>10,003,855</u>	<u>205,229</u>	<u>1,914,005</u>	<u>(912,253)</u>	<u>11,210,836</u>
Segment liabilities	<u>6,263,074</u>	<u>115,322</u>	<u>1,180,305</u>	<u>(485,530)</u>	<u>7,073,171</u>
Other segment information:					
Depreciation and amortisation	48,916	1,486	26,430	(961)	75,871
Write-down of inventories to net realisable value	9,014	—	—	—	9,014
Impairment of trade and other receivables	109,937	5,323	15,770	(11,978)	119,052
Product warranty provision	149,272	—	—	(17,559)	131,713
Capital expenditure ⁽¹⁾	698,865	4,375	1,495,284	(155,573)	2,042,951

(1) Capital expenditure mainly consists of additions of property, plant and equipment, other intangible assets and prepaid land lease payments including assets from the acquisition of subsidiaries.

II. NOTES TO FINANCIAL INFORMATION — continued

5. Segment Information — continued

	Year ended 31 December 2009				
	Wind turbine generator manufacturing and sales	Wind power services	Wind farm development	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
Sales to external customers	10,347,350	215,368	103,787	—	10,666,505
Intersegment sales	1,855,648	110,000	—	(1,965,648)	—
Total revenue	<u>12,202,998</u>	<u>325,368</u>	<u>103,787</u>	<u>(1,965,648)</u>	<u>10,666,505</u>
Segment results	2,043,000	54,127	90,937	(158,626)	2,029,438
Interest income	20,535	791	2,553	—	23,879
Finance costs	<u>(30,896)</u>	<u>(427)</u>	<u>(31,967)</u>	<u>531</u>	<u>(62,759)</u>
Profit before tax	<u>2,032,639</u>	<u>54,491</u>	<u>61,523</u>	<u>(158,095)</u>	<u>1,990,558</u>
Segment assets	<u>12,856,741</u>	<u>408,894</u>	<u>3,027,529</u>	<u>(1,410,219)</u>	<u>14,882,945</u>
Segment liabilities	<u>7,449,870</u>	<u>297,576</u>	<u>2,360,626</u>	<u>(752,384)</u>	<u>9,355,688</u>
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	—	—	(289)	—	(289)
Associates	4,028	—	—	—	4,028
Depreciation and amortisation	58,522	1,911	25,944	(4,244)	82,133
Write-down of inventories to net realisable value	1,405	—	—	—	1,405
Impairment/(reversal of impairment) of trade and other receivables	53,962	1,963	(6,572)	(18,308)	31,045
Product warranty provision	496,029	—	—	(37,254)	458,775
Interests in jointly-controlled entities . .	17,500	—	52,241	—	69,741
Interests in associates	47,370	—	—	—	47,370
Capital expenditure ⁽¹⁾	269,776	4,535	2,023,164	(219,136)	2,078,339

(1) Capital expenditure mainly consists of additions of property, plant and equipment, other intangible assets and prepaid land lease payments including assets from the acquisition of subsidiaries.

II. NOTES TO FINANCIAL INFORMATION — continued

5. Segment Information — continued

	Six-month period ended 30 June 2009				
	Wind turbine generator manufacturing and sales	Wind power services	Wind farm development	Eliminations	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Segment revenue:					
Sales to external customers	3,726,258	14,217	42,641	—	3,783,116
Intersegment sales	<u>372,654</u>	<u>40,473</u>	<u>—</u>	<u>(413,127)</u>	<u>—</u>
Total revenue	<u>4,098,912</u>	<u>54,690</u>	<u>42,641</u>	<u>(413,127)</u>	<u>3,783,116</u>
Segment results	687,102	12,018	62,164	(11,039)	750,245
Interest income	11,129	438	726	—	12,293
Finance costs	<u>(16,919)</u>	<u>(298)</u>	<u>(11,172)</u>	<u>—</u>	<u>(28,389)</u>
Profit before tax	<u>681,312</u>	<u>12,158</u>	<u>51,718</u>	<u>(11,039)</u>	<u>734,149</u>
Other segment information:					
Share of profits and losses of:					
Associates	1,449	—	—	—	1,449
Depreciation and amortisation	32,519	899	10,806	(1,393)	42,831
Impairment/(reversal of impairment) of trade and other receivables	36,313	(1,968)	(8,350)	(11,720)	14,275
Product warranty provision	86,073	—	—	(9,055)	77,018

II. NOTES TO FINANCIAL INFORMATION — continued

5. Segment Information — continued

	Six-month period ended 30 June 2010				
	Wind turbine generator manufacturing and sales RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	6,120,523	55,081	89,378	—	6,264,982
Intersegment sales	238,412	69,018	—	(307,430)	—
Total revenue	<u>6,358,935</u>	<u>124,099</u>	<u>89,378</u>	<u>(307,430)</u>	<u>6,264,982</u>
Segment results	973,580	28,700	40,005	(21,346)	1,020,939
Interest income	14,666	786	1,138	—	16,590
Finance costs	(18,632)	—	(24,508)	—	(43,140)
Profit before tax	<u>969,614</u>	<u>29,486</u>	<u>16,635</u>	<u>(21,346)</u>	<u>994,389</u>
Segment assets	<u>13,985,015</u>	<u>305,801</u>	<u>3,530,391</u>	<u>(1,375,841)</u>	<u>16,445,366</u>
Segment liabilities	<u>8,761,948</u>	<u>145,904</u>	<u>2,874,461</u>	<u>(689,195)</u>	<u>11,093,118</u>
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	—	—	(27)	—	(27)
Associates	(2,559)	—	—	—	(2,559)
Depreciation and amortisation	49,626	1,090	22,308	(2,504)	70,520
Impairment/(reversal of impairment) of trade and other receivables	15,477	(5,359)	(2,423)	56,733	64,428
Product warranty provision	270,364	—	—	(12,498)	257,866
Interests in jointly-controlled entities . .	17,500	—	72,534	(40,514)	49,520
Interests in associates	51,888	—	—	—	51,888
Capital expenditure ⁽¹⁾	154,127	1,677	471,402	(58,245)	568,961

(1) Capital expenditure mainly consists of additions of property, plant and equipment, other intangible assets and prepaid land lease payments including assets from the acquisition of subsidiaries.

Information about a major customer

For the years ended 31 December 2007, 2008 and 2009, revenue generated from only one of the Group's customers amounting to RMB371,362,000, RMB1,024,097,000 and RMB1,534,143,000 had individually accounted for over 10% of the Group's total revenue for the respective years.

For the six-month period ended 30 June 2009, revenue generated from two of the Group's customers amounting to RMB658,751,000 (unaudited) and RMB513,469,000 (unaudited) had individually accounted for over 10% of the Group's total revenue.

For the six-month period ended 30 June 2010, there was no revenue generated from any of the Group's customers who had individually accounted for 10% or more of the Group's total revenue.

II. NOTES TO FINANCIAL INFORMATION — continued**5. Segment Information — continued***Geographical information*

No further geographical segment information is presented as over 95% of the Group's revenue is derived from customers based in Mainland China, and most of the Group's assets are located in Mainland China.

6. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the values of services rendered.

II. NOTES TO FINANCIAL INFORMATION — continued

6. Revenue, Other Income and Gains — continued

An analysis of the Group's revenue, other income and gains is as follows:

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
<u>Revenue</u>						
Sale of wind turbine generators and wind power components		3,079,212	6,299,251	10,347,350	3,726,258	6,120,523
Wind power services		9,833	29,564	215,368	14,217	55,081
Wind power generation		—	88,456	103,787	42,641	89,378
		<u>3,089,045</u>	<u>6,417,271</u>	<u>10,666,505</u>	<u>3,783,116</u>	<u>6,264,982</u>
<u>Other income</u>						
Bank interest income		4,837	19,872	23,879	12,293	16,590
Gross rental income		3,125	11,392	16,879	10,219	7,050
Government grants		18,331	10,662	51,839	12,391	24,823
Value-added tax refund		385	7,860	1,810	1,468	1,512
Insurance compensation on product warranty expenditures		7,709	8,320	19,714	4,755	10,912
Others		—	9,969	7,379	7,369	2,934
		<u>34,387</u>	<u>68,075</u>	<u>121,500</u>	<u>48,495</u>	<u>63,821</u>
<u>Gains</u>						
Gain on disposals of subsidiaries, including wind farm project companies	37	—	263,132	189,815	82,323	—
Gain on derecognition of a subsidiary, a wind farm project company	38	—	—	—	—	29,040
Gain on disposal of available-for-sale investments		—	—	12,750	—	—
Gain on disposals of items of property, plant and equipment		—	51	93	4	171
Fair value gain, net, on derivative financial instruments		—	—	—	1,902	3,281
Realised gain on derivative financial instruments		—	2,490	8,184	—	60
Foreign exchange difference, net		—	—	—	—	10,777
Others		3,780	3,550	3,241	2,201	8,234
		<u>3,780</u>	<u>269,223</u>	<u>214,083</u>	<u>86,430</u>	<u>51,563</u>
		<u>38,167</u>	<u>337,298</u>	<u>335,583</u>	<u>134,925</u>	<u>115,384</u>

II. NOTES TO FINANCIAL INFORMATION — continued

7. Profit before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold		2,173,856	4,838,705	7,708,089	2,864,544	4,677,540
Write-down of inventories to net realisable value		—	9,014	1,405	—	—
Depreciation (note (a)) provided for:						
Property, plant and equipment . . .	14	7,932	47,930	65,243	29,867	43,668
Investment properties	15	481	1,683	2,232	1,093	1,207
		<u>8,413</u>	<u>49,613</u>	<u>67,475</u>	<u>30,960</u>	<u>44,875</u>
Amortisation of prepaid land lease payments	16	836	1,800	2,101	930	1,817
Amortisation of other intangible assets	18	2,578	24,458	12,557	10,941	23,828
		<u>3,414</u>	<u>26,258</u>	<u>14,658</u>	<u>11,871</u>	<u>25,645</u>
Impairment of trade and bills receivables	25	29,677	104,909	40,736	23,130	63,049
Impairment/(reversal of impairment) of prepayments, deposits and other receivables	26	499	14,143	(9,691)	(8,855)	1,379
		<u>30,176</u>	<u>119,052</u>	<u>31,045</u>	<u>14,275</u>	<u>64,428</u>
Loss on disposals of items of property, plant and equipment and other intangible assets, net		23	124	9,205	3,152	38
Minimum lease payments under operating leases of land and buildings		156	16	4,122	1,124	4,163
Auditors' remuneration		472	573	789	—	—
Employee benefit expenses (including directors' and supervisors' remuneration):						
Wages and salaries		109,923	155,905	213,701	54,249	83,225
Pension scheme contributions (defined contribution scheme) (note (b))		3,870	7,681	12,507	7,214	9,555
Welfare and other expenses		7,966	19,330	28,231	10,826	21,621
		<u>121,759</u>	<u>182,916</u>	<u>254,439</u>	<u>72,289</u>	<u>114,401</u>
Foreign exchange differences, net . . .		958	7,884	3,988	1,711	(10,777)

II. NOTES TO FINANCIAL INFORMATION — continued

7. Profit before Tax — continued

	Note	Year ended 31 December			Six-month period ended 30 June	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
Research and development costs:						
Staff costs		21,309	35,482	25,831	8,734	11,750
Amortisation and depreciation . . .		2,117	4,591	3,236	1,539	2,410
Materials expenditure and others		8,171	38,595	28,528	5,080	17,422
		<u>31,597</u>	<u>78,668</u>	<u>57,595</u>	<u>15,353</u>	<u>31,582</u>
Product warranty provision	32	31,810	131,713	458,775	77,018	257,866

Notes:

- (a) Depreciation of approximately RMB3,408,000, RMB34,489,000 and RMB41,837,000, RMB17,042,000 (unaudited) and RMB29,957,000 is included in the cost of sales on the face of the consolidated statements of comprehensive income for each of the three years ended 31 December 2007, 2008 and 2009, and the six-month periods ended 30 June 2009 and 2010, respectively.
- (b) As at 31 December 2007 and 2008, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years. As at 31 December 2009 and 30 June 2010, the Group's forfeited contributions available to reduce its contributions to the pension schemes in future years amounted to RMB7,000 and RMB7,000, respectively.

8. Finance Costs

	Year ended 31 December			Six-month period ended 30 June	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
Interest on bank loans wholly repayable:					
Within five years	26,045	60,754	72,328	35,870	41,222
Above five years	—	8,661	28,001	10,679	39,243
	<u>26,405</u>	<u>69,415</u>	<u>100,329</u>	<u>46,549</u>	<u>80,465</u>
Interest on other borrowings wholly repayable:					
Within five years	—	961	1,744	891	781
Above five years	—	432	821	404	347
	<u>—</u>	<u>1,393</u>	<u>2,565</u>	<u>1,295</u>	<u>1,128</u>
	26,405	70,808	102,894	47,844	81,593
Less: Interest capitalised (note 14)	<u>(3,475)</u>	<u>(27,858)</u>	<u>(40,135)</u>	<u>(19,455)</u>	<u>(38,453)</u>
	<u>22,930</u>	<u>42,950</u>	<u>62,759</u>	<u>28,389</u>	<u>43,140</u>

II. NOTES TO FINANCIAL INFORMATION — continued

9. Directors' and Supervisors' Remuneration and Five Highest Paid Individuals

(a) Directors' and supervisors' remuneration

The aggregate amounts of remuneration of the Directors and supervisors of the Company (the "Supervisors") during the Track Record Period are as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	190	233	160	80	105
Other emoluments:					
— Salaries, allowances and benefits in kind	4,120	4,350	3,818	1,993	2,509
— Performance related bonuses	10,720	7,670	6,029	—	—
— Pension scheme contributions (defined contribution scheme)	69	184	196	99	91
	<u>15,099</u>	<u>12,437</u>	<u>10,203</u>	<u>2,172</u>	<u>2,705</u>

The names of the Directors and the Supervisors and their remuneration for the Track Record Period are as follows:

	Year ended 31 December 2007				
	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Directors</u>					
Wu Gang	—	1,430	5,336	18	6,784
Li Ying	—	—	—	—	—
Pan Shijie	—	—	—	—	—
Guo Jian	—	1,434	4,281	14	5,729
Liu Tongliang	—	709	659	13	1,381
Lv Houjun	—	—	—	—	—
Yang Yongbao*	—	—	—	—	—
	<u>—</u>	<u>3,573</u>	<u>10,276</u>	<u>45</u>	<u>13,894</u>
<u>Independent directors</u>					
Wang Yousan**	60	—	—	—	60
Shi Pengfei**	60	—	—	—	60
Song Chang	70	—	—	—	70
Ni Weidou*	—	—	—	—	—
Peng Chengwu*	—	—	—	—	—
Lin Zhijun*	—	—	—	—	—
	<u>190</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>190</u>

II. NOTES TO FINANCIAL INFORMATION — continued

9. Directors' and Supervisors' Remuneration and Five Highest Paid Individuals — continued

(a) Directors' and supervisors' remuneration — continued

	Year ended 31 December 2007				
	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Supervisors</u>					
Zhang Hua	—	—	—	—	—
Wang Dunchun	—	—	—	—	—
Luo Jun	—	—	—	—	—
Wang Haibo	—	287	225	6	518
Zheng Chengjiang**	—	236	219	14	469
Nie Xinhui*	—	24	—	4	28
	—	547	444	24	1,015
	190	4,120	10,720	69	15,099

* Yang Yongbao, Ni Weidou, Peng Chengwu and Lin Zhijun, and Nie Xinhui resigned as a Director, independent Directors and a Supervisor of the Company, respectively, with effect from 24 March 2007.

** Wang Yousan and Shi Pengfei, and Zheng Chengjiang were appointed as independent Directors and a Supervisor of the Company, respectively, with effect from 24 March 2007.

	Year ended 31 December 2008				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Directors</u>					
Wu Gang	—	1,466	3,110	62	4,638
Li Ying	—	—	—	—	—
Gao Zhong**	—	—	—	—	—
Pan Shijie*	—	—	—	—	—
Guo Jian	—	1,465	3,110	62	4,637
Liu Tongliang	—	948	800	22	1,770
Lv Houjun	—	—	—	—	—
	—	3,879	7,020	146	11,045
<u>Independent directors</u>					
Wang Yousan	73	—	—	—	73
Shi Pengfei	80	—	—	—	80
Song Chang	80	—	—	—	80
	233	—	—	—	233

II. NOTES TO FINANCIAL INFORMATION — continued

9. Directors' and Supervisors' Remuneration and Five Highest Paid Individuals — continued

(a) Directors' and supervisors' remuneration — continued

	Year ended 31 December 2008				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Supervisors</u>					
Zhang Hua	—	—	—	—	—
Wang Mengqiu**	—	—	—	—	—
Wang Dunchun*	—	—	—	—	—
Luo Jun	—	—	—	—	—
Wang Haibo	—	287	475	20	782
Zheng Chengjiang	—	184	175	18	377
	—	471	650	38	1,159
	233	4,350	7,670	184	12,437

* Pan Shijie and Wang Dunchun resigned as a Director and a Supervisor of the Company with effect from 11 and 23 June 2008, respectively.

** Gao Zhong and Wang Mengqiu were appointed as a Director and a Supervisor of the Company, respectively, with effect from 14 August 2008.

	Year ended 31 December 2009				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Directors</u>					
Wu Gang	—	1,406	2,500	64	3,970
Li Ying	—	—	—	—	—
Guo Jian	—	1,425	2,480	64	3,969
Gao Zhong	—	—	—	—	—
Liu Tongliang	—	388	—	17	405
Lv Houjun	—	—	—	—	—
	—	3,219	4,980	145	8,344
<u>Independent directors</u>					
Wang Yousan	—	—	—	—	—
Shi Pengfei	80	—	—	—	80
Song Chang	80	—	—	—	80
	160	—	—	—	160

II. NOTES TO FINANCIAL INFORMATION — continued

9. Directors' and Supervisors' Remuneration and Five Highest Paid Individuals — continued

(a) Directors' and supervisors' remuneration — continued

	Year ended 31 December 2009				
	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Supervisors</u>					
Zhang Hua*	—	—	—	—	—
Wang Mengqiu	—	—	—	—	—
Luo Jun	—	—	—	—	—
Wang Shiwei**	—	—	—	—	—
Wang Haibo	—	412	799	30	1,241
Zheng Chengjiang	—	187	250	21	458
	—	599	1,049	51	1,699
	<u>160</u>	<u>3,818</u>	<u>6,029</u>	<u>196</u>	<u>10,203</u>

* Zhang Hua resigned as a Supervisor of the Company with effect from 5 August 2009.

** Wang Shiwei was appointed as a Supervisor of the Company with effect from 9 September 2009.

II. NOTES TO FINANCIAL INFORMATION — continued

9. Directors' and Supervisors' Remuneration and Five Highest Paid Individuals — continued

(a) Directors' and supervisors' remuneration — continued

	Six-month period ended 30 June 2009				
	Fees	Salaries, allowance, and benefits in kind	Performance related bonuses	Pension schemes contributions	Total remuneration
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
<u>Directors</u>					
Wu Gang	—	668	—	32	700
Li Ying	—	—	—	—	—
Guo Jian	—	688	—	32	720
Gao Zhong	—	—	—	—	—
Liu Tongliang	—	378	—	9	387
Lv Houjun	—	—	—	—	—
	—	1,734	—	73	1,807
<u>Independent Directors</u>					
Wang Yousan	—	—	—	—	—
Shi Pengfei	40	—	—	—	40
Song Chang	40	—	—	—	40
	80	—	—	—	80
<u>Supervisors</u>					
Zhang Hua	—	—	—	—	—
Wang Mengqiu	—	—	—	—	—
Luo Jun	—	—	—	—	—
Wang Dunchun	—	—	—	—	—
Wang Haibo	—	162	—	16	178
Zheng Chengjiang	—	97	—	10	107
	—	259	—	26	285
	80	1,993	—	99	2,172

II. NOTES TO FINANCIAL INFORMATION — continued

9. Directors' and Supervisors' Remuneration and Five Highest Paid Individuals — continued

(a) Directors' and supervisors' remuneration — continued

	Six-month period ended 30 June 2010				
	Fees	Salaries, allowance, and benefits in kind	Performance related bonuses	Pension schemes contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Directors</u>					
Wu Gang	—	937	—	32	969
Li Ying	—	—	—	—	—
Guo Jian	—	937	—	32	969
Gao Zhong	—	—	—	—	—
Liu Tongliang*	—	—	—	—	—
Lv Houjun	—	—	—	—	—
Wei Hongliang**	—	378	—	7	385
	—	2,252	—	71	2,323
<u>Independent directors</u>					
Wang Yousan	—	—	—	—	—
Shi Pengfei	57	—	—	—	57
Song Chang*	20	—	—	—	20
Li Man Bun**	28	—	—	—	28
	105	—	—	—	105
<u>Supervisors</u>					
Wang Mengqiu	—	—	—	—	—
Luo Jun	—	—	—	—	—
Wang Shiwei	—	—	—	—	—
Wang Haibo*	—	—	—	—	—
Zheng Chengjiang	—	124	—	10	134
Xiao Zhiping**	—	133	—	10	143
	—	257	—	20	277
	105	2,509	—	91	2,705

* Liu Tongliang, Song Chang and Wang Haibo resigned as a Director, an independent Director and a Supervisor of the Company, respectively, with effect from 25 March 2010.

** Wei Hongliang, Li Man Bun and Xiao Zhiping were appointed as a Director, an independent Director and a Supervisor of the Company, respectively, with effect from 25 March 2010.

Those Directors or Supervisors receiving no emoluments for the Track Record Period and the six-month period ended 30 June 2009 is because they did not receive any remuneration in the capacity of their services as Directors and Supervisors.

II. NOTES TO FINANCIAL INFORMATION — continued

9. Directors' and Supervisors' Remuneration and Five Highest Paid Individuals — continued

(b) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group for the Track Record Period and the six-month period ended 30 June 2009 is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009 (unaudited)	2010
Directors	2	2	2	2	2
Non-director and non-supervisor employees	3	3	3	3	3
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the above non-director and non-supervisor highest paid employees are as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
Salaries, allowances and benefits in kind	2,107	2,253	2,248	1,142	1,537
Performance related bonuses	6,888	5,132	6,727	—	—
Pension scheme contributions	51	92	71	55	25
	<u>9,046</u>	<u>7,477</u>	<u>9,046</u>	<u>1,197</u>	<u>1,562</u>

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009 (unaudited)	2010
Nil to HK\$1,000,000	—	—	—	3	3
HK\$1,000,001 to HK\$2,000,000	—	—	—	—	—
HK\$2,000,001 to HK\$2,500,000	—	—	—	—	—
HK\$2,500,001 to HK\$3,000,000	1	3	—	—	—
HK\$3,000,001 to HK\$3,500,000	2	—	2	—	—
HK\$3,500,001 to HK\$4,000,000	—	—	1	—	—

During the Track Record Period and the six-month period ended 30 June 2009, no Directors, Supervisors or any of the non-director and non-supervisor highest paid individuals waived or agreed to waive any emoluments and no emoluments were paid by the Group to the Directors, Supervisors or any of the non-director and non-supervisor highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. Income Tax

Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for the Company's subsidiaries overseas and certain preferential treatment available to the Company, the Company's subsidiaries, jointly-controlled entities and associates in the PRC, which were exempted from income tax or taxed at a

II. NOTES TO FINANCIAL INFORMATION — continued

10. Income Tax — continued

preferential rate of 15% primarily due to their status as entities engaging in technology development or their involvement in the important public infrastructure investment projects that were supported by the government and development projects in the western region of the PRC, the entities within the Group were subject to corporate income tax at a rate of 33% during the year ended 31 December 2007, and at a rate of 25% during the two years ended 31 December 2008 and 2009 and the six-month period ended 30 June 2010.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the Track Record Period and the six-month period ended 30 June 2009.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduced a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested enterprises and foreign-invested enterprises, which results in a reduction in the income tax rate from 33% to 25% applicable to all domestic-invested enterprises and foreign-invested enterprises. The New Corporate Income Tax Law also removed the levy of local income tax. The effect of this change has been reflected in the calculation of deferred income tax as at 31 December 2007.

The Company was exempted from income tax in the PRC for the period from 1 April 2004 to 31 March 2008 in accordance with preferential tax policies issued by the government of the Xinjiang Uygur Autonomous Region and was taxed at a preferential income tax rate of 15% for the period from 1 April 2008 to 31 December 2008 in accordance with the preferential tax policies in the western region of the PRC. In addition, the Company has been identified as a "high and new technology enterprise" and was entitled to a preferential income tax rate of 15% for the three years ending 31 December 2011 in accordance with the New Corporate Income Tax Law.

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current					
— Mainland China	5	197,475	255,332	163,172	183,995
— Germany	103	13,005	33,597	11,014	33,711
	108	210,480	288,929	174,186	217,706
Deferred (note 23)	(8,192)	(89,582)	(88,974)	(46)	(36,592)
Tax charge/(credit) for the year/period	<u>(8,084)</u>	<u>120,898</u>	<u>199,955</u>	<u>174,140</u>	<u>181,114</u>

II. NOTES TO FINANCIAL INFORMATION — continued

10. Income Tax — continued

A reconciliation of the income tax expense applicable to profit before tax using the statutory income tax rate applicable to the Company to the income tax expense/(credit) at the Group's effective income tax rate:

	Year ended 31 December			Six-month period ended 30 June	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (unaudited)	2010 RMB'000
Profit before tax	621,676	1,146,094	1,990,558	734,149	994,389
Income tax charge at the statutory income tax rate of 25% (2007: 33%)	205,153	286,523	497,639	183,537	248,597
Effect of different income tax rates for overseas entities	(4)	2,296	5,578	683	3,646
Tax exemption	(210,010)	(186,718)	(298,144)	(46,711)	(83,280)
Effect on opening deferred income tax due to change in income tax rates	(4,971)	—	—	—	—
Effect of lower enacted tax rate used for the recognition of deferred tax	(7,794)	—	—	—	—
Expenses not deductible for tax purposes (note)	6,933	33,211	4,337	1,204	1,971
Tax losses not recognised	—	80	485	3,809	4,844
Additional tax deduction on research and development expenditure	(1,395)	(13,073)	(7,589)	(1,210)	(1,928)
Profits and losses attributable to jointly-controlled entities	—	—	(72)	—	7
Profits and losses attributable to associates	—	—	1,007	(362)	640
Others	4,004	(1,421)	(3,286)	33,190	6,617
Tax charge/(credit) for the year/period at the effective rate	<u>(8,084)</u>	<u>120,898</u>	<u>199,955</u>	<u>174,140</u>	<u>181,114</u>

Note: Expenses not deductible for tax purpose generally refer to expenses without proper tax deductible documents and other miscellaneous expenses which are in excess of the allowable tax deduction limit, such as entertainment expenses and advertising expenses. Certain expenses accrued but unpaid as at 31 December 2007 were not deductible for income tax purpose for the year ended 31 December 2007. As the Company was in its tax holiday in fiscal year 2007 and exempted from income tax for the year ended 31 December 2007, when these unpaid expenses were settled by the Company in 2008, they were accounted for as non-deductible expenses and needed to be added back for income tax calculation for the year ended 31 December 2008.

11. Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the years ended 31 December 2007, 2008 and 2009 and the six-month periods ended 30 June 2009 and 2010 includes the profits of approximately RMB599,646,000, RMB709,243,000 and RMB1,093,390,000, RMB427,528,000 (unaudited) and RMB1,348,802,000, respectively, which have been dealt with in the financial statements of the Company (note 35(b)).

II. NOTES TO FINANCIAL INFORMATION — continued

12. Dividends

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Proposed final cash dividend of the Company (RMB0.1, RMB0.28 and RMB0.1 and RMB0.35 per ordinary share for the three years ended 31 December 2007, 2008 and 2009 and the six-month period ended 30 June 2010, respectively)	<u>50,000</u>	<u>280,000</u>	<u>140,000</u>	<u>—</u>	<u>784,000*</u>

* The Company fully settled a dividend in cash of RMB784,000,000 before the date of this report.

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share amounts for the three years ended 31 December 2007, 2008 and 2009 and the six-month periods ended 30 June 2009 and 2010 is based on the profit attributable to ordinary equity holders of the Company for the three years ended 31 December 2007, 2008 and 2009 and the six-month periods ended 30 June 2009 and 2010 and the weighted average number of ordinary shares in issue during each of the three years ended 31 December 2007, 2008 and 2009 and the six-month periods ended 30 June 2009 and 2010.

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<u>Earnings</u> Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>624,643</u>	<u>906,407</u>	<u>1,745,580</u>	<u>535,318</u>	<u>772,750</u>

Shares

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	(unaudited)				
Weighted average number of ordinary shares in issue during the Track Record Period used in the basic earnings per share calculation, after taking into consideration of the issuance of bonus shares from the beginning of the Track Record Period up to the date of this report	<u>2,016,000,000</u>	<u>2,240,000,000</u>	<u>2,240,000,000</u>	<u>2,240,000,000</u>	<u>2,240,000,000</u>

II. NOTES TO FINANCIAL INFORMATION — continued

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Company — continued

The Company did not have any dilutive potential ordinary shares during the Track Record Period and the six-month period ended 30 June 2009.

14. Property, Plant and Equipment

GROUP

	Year ended 31 December 2007					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2007	18,302	51,108	3,836	5,133	48,351	126,730
Additions	2,271	17,873	3,887	6,283	277,510	307,824
Acquisitions of subsidiaries (note 36(ii))	15,802	—	—	1,285	1,145	18,232
Disposals	—	—	—	(120)	—	(120)
Disposal of a subsidiary (note 37) . .	—	(102)	(142)	(149)	—	(393)
Transfers	78,931	29,308	337	5,484	(114,060)	—
Transferred to investment properties (note 15)	—	—	—	—	(25,142)	(25,142)
At 31 December 2007	<u>115,306</u>	<u>98,187</u>	<u>7,918</u>	<u>17,916</u>	<u>187,804</u>	<u>427,131</u>
Accumulated depreciation:						
At 1 January 2007	(1,366)	(10,790)	(620)	(1,824)	—	(14,600)
Depreciation charge for the year (note 7)	(1,425)	(4,468)	(503)	(1,536)	—	(7,932)
Acquisitions of subsidiaries (note 36(ii))	(413)	—	—	(92)	—	(505)
Disposals	—	—	—	92	—	92
Disposal of a subsidiary (note 37) . .	—	12	21	24	—	57
At 31 December 2007	<u>(3,204)</u>	<u>(15,246)</u>	<u>(1,102)</u>	<u>(3,336)</u>	<u>—</u>	<u>(22,888)</u>
Net carrying amount:						
At 31 December 2007	<u>112,102</u>	<u>82,941</u>	<u>6,816</u>	<u>14,580</u>	<u>187,804</u>	<u>404,243</u>
At 1 January 2007	<u>16,936</u>	<u>40,318</u>	<u>3,216</u>	<u>3,309</u>	<u>48,351</u>	<u>112,130</u>

II. NOTES TO FINANCIAL INFORMATION — continued

14. Property, Plant and Equipment — continued

	Year ended 31 December 2008					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2008	115,306	98,187	7,918	17,916	187,804	427,131
Additions	47,432	40,523	4,557	19,384	1,377,017	1,488,913
Acquisitions of subsidiaries (note 36(i)(ii))	14,759	27,988	2,771	4,986	104,673	155,177
Disposals	—	(6,067)	(999)	(102)	—	(7,168)
Disposals of subsidiaries (note 37)	—	(673,779)	(142)	(37)	—	(673,958)
Transfers	177,272	1,303,334	—	656	(1,481,262)	—
Transferred to investment properties (note 15)	(3,954)	—	—	—	(28,856)	(32,810)
Exchange realignment	(30)	(191)	(121)	(253)	(2)	(597)
At 31 December 2008	<u>350,785</u>	<u>789,995</u>	<u>13,984</u>	<u>42,550</u>	<u>159,374</u>	<u>1,356,688</u>
Accumulated depreciation:						
At 1 January 2008	(3,204)	(15,246)	(1,102)	(3,336)	—	(22,888)
Depreciation charge for the year (note 7)	(6,012)	(36,546)	(1,559)	(3,813)	—	(47,930)
Acquisitions of subsidiaries (note 36(i)(ii))	(63)	(1,151)	(758)	(1,809)	—	(3,781)
Disposals	—	745	460	3	—	1,208
Disposals of subsidiaries (note 37)	—	19,128	20	6	—	19,154
Transferred to investment properties (note 15)	480	—	—	—	—	480
Exchange realignment	16	167	79	235	—	497
At 31 December 2008	<u>(8,783)</u>	<u>(32,903)</u>	<u>(2,860)</u>	<u>(8,714)</u>	<u>—</u>	<u>(53,260)</u>
Net carrying amount:						
At 31 December 2008	<u>342,002</u>	<u>757,092</u>	<u>11,124</u>	<u>33,836</u>	<u>159,374</u>	<u>1,303,428</u>
At 1 January 2008	<u>112,102</u>	<u>82,941</u>	<u>6,816</u>	<u>14,580</u>	<u>187,804</u>	<u>404,243</u>

II. NOTES TO FINANCIAL INFORMATION — continued

14. Property, Plant and Equipment — continued

	Year ended 31 December 2009					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2009	350,785	789,995	13,984	42,550	159,374	1,356,688
Additions	12,692	43,456	12,669	25,545	1,660,810	1,755,172
Acquisitions of subsidiaries (note 36(ii))	—	—	1,165	567	77,002	78,734
Disposals	(226)	(104,275)	(2,702)	(1,966)	(1,658)	(110,827)
Disposals of subsidiaries (note 37)	(52,449)	(510,340)	(1,276)	(670)	—	(564,735)
Transfers	59,108	476,301	—	500	(535,909)	—
Exchange realignment	2,891	1,376	209	1,038	129	5,643
At 31 December 2009	<u>372,801</u>	<u>696,513</u>	<u>24,049</u>	<u>67,564</u>	<u>1,359,748</u>	<u>2,520,675</u>
Accumulated depreciation:						
At 1 January 2009	(8,783)	(32,903)	(2,860)	(8,714)	—	(53,260)
Depreciation charge for the year (note 7)	(9,838)	(43,077)	(1,960)	(10,368)	—	(65,243)
Acquisitions of subsidiaries (note 36(ii))	—	—	(105)	(40)	—	(145)
Disposals	19	15,742	423	1,345	—	17,529
Disposals of subsidiaries (note 37)	1,444	22,429	396	159	—	24,428
Exchange realignment	(940)	(1,171)	(206)	(1,012)	—	(3,329)
At 31 December 2009	<u>(18,098)</u>	<u>(38,980)</u>	<u>(4,312)</u>	<u>(18,630)</u>	<u>—</u>	<u>(80,020)</u>
Net carrying amount:						
At 31 December 2009	<u>354,703</u>	<u>657,533</u>	<u>19,737</u>	<u>48,934</u>	<u>1,359,748</u>	<u>2,440,655</u>
At 1 January 2009	<u>342,002</u>	<u>757,092</u>	<u>11,124</u>	<u>33,836</u>	<u>159,374</u>	<u>1,303,428</u>

II. NOTES TO FINANCIAL INFORMATION — continued

14. Property, Plant and Equipment — continued

	Six-month period 30 June 2010					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2010	372,801	696,513	24,049	67,564	1,359,748	2,520,675
Additions	5,133	28,047	4,917	8,751	477,357	524,205
Acquisition of a subsidiary (note 36(ii))	—	—	—	—	3,662	3,662
Disposals	—	(14,599)	(1,423)	(283)	—	(16,305)
Derecognition of a subsidiary (note 38)	—	—	—	(888)	(289,581)	(290,469)
Transfers	—	581,416	—	5,444	(586,860)	—
Transferred to investment properties (note 15)	(12,002)	—	—	—	—	(12,002)
Exchange realignment	(13,606)	(5,150)	(563)	(3,543)	(788)	(23,650)
At 30 June 2010.	<u>352,326</u>	<u>1,286,227</u>	<u>26,980</u>	<u>77,045</u>	<u>963,538</u>	<u>2,706,116</u>
Accumulated depreciation:						
At 1 January 2010	(18,098)	(38,980)	(4,312)	(18,630)	—	(80,020)
Depreciation charge for the period (note 7)	(5,509)	(31,528)	(1,652)	(4,979)	—	(43,668)
Disposals	—	379	361	114	—	854
Derecognition of a subsidiary (note 38)	—	—	—	91	—	91
Transferred to investment properties (note 15)	2,126	—	—	—	—	2,126
Exchange realignment	<u>1,280</u>	<u>423</u>	<u>180</u>	<u>944</u>	<u>—</u>	<u>2,827</u>
At 30 June 2010.	<u>(20,201)</u>	<u>(69,706)</u>	<u>(5,423)</u>	<u>(22,460)</u>	<u>—</u>	<u>(117,790)</u>
Net carrying amount:						
At 30 June 2010.	<u>332,125</u>	<u>1,216,521</u>	<u>21,557</u>	<u>54,585</u>	<u>963,538</u>	<u>2,588,326</u>
At 1 January 2010	<u>354,703</u>	<u>657,533</u>	<u>19,737</u>	<u>48,934</u>	<u>1,359,748</u>	<u>2,440,655</u>

II. NOTES TO FINANCIAL INFORMATION — continued

14. Property, Plant and Equipment — continued

COMPANY

	Year ended 31 December 2007					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2007	18,302	50,841	2,764	5,085	7,010	84,002
Additions	—	15,725	2,331	4,968	80,655	103,679
Disposals	—	—	—	(105)	—	(105)
Transfers	—	15,802	—	—	(15,802)	—
Transferred to investment properties (note 15)	—	—	—	—	(25,142)	(25,142)
At 31 December 2007	<u>18,302</u>	<u>82,368</u>	<u>5,095</u>	<u>9,948</u>	<u>46,721</u>	<u>162,434</u>
Accumulated depreciation:						
At 1 January 2007	(1,365)	(10,426)	(581)	(2,143)	—	(14,515)
Depreciation charge for the year. . .	(511)	(4,422)	(324)	(1,004)	—	(6,261)
Disposals	—	—	—	77	—	77
At 31 December 2007	<u>(1,876)</u>	<u>(14,848)</u>	<u>(905)</u>	<u>(3,070)</u>	<u>—</u>	<u>(20,699)</u>
Net carrying amount:						
At 31 December 2007	<u>16,426</u>	<u>67,520</u>	<u>4,190</u>	<u>6,878</u>	<u>46,721</u>	<u>141,735</u>
At 1 January 2007	<u>16,937</u>	<u>40,415</u>	<u>2,183</u>	<u>2,942</u>	<u>7,010</u>	<u>69,487</u>

II. NOTES TO FINANCIAL INFORMATION — continued

14. Property, Plant and Equipment — continued

	Year ended 31 December 2008					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2008	18,302	82,368	5,095	9,948	46,721	162,434
Additions	—	18,753	1,062	4,821	85,105	109,741
Disposals	—	(962)	(999)	(11)	—	(1,972)
Transfers	67,258	25,338	—	161	(92,757)	—
Transferred to investment properties (note 15)	—	—	—	—	(28,856)	(28,856)
At 31 December 2008	<u>85,560</u>	<u>125,497</u>	<u>5,158</u>	<u>14,919</u>	<u>10,213</u>	<u>241,347</u>
Accumulated depreciation:						
At 1 January 2008	(1,876)	(14,848)	(905)	(3,070)	—	(20,699)
Depreciation charge for the year . . .	(1,545)	(9,575)	(477)	(2,693)	—	(14,290)
Disposals	—	79	460	2	—	541
At 31 December 2008	<u>(3,421)</u>	<u>(24,344)</u>	<u>(922)</u>	<u>(5,761)</u>	<u>—</u>	<u>(34,448)</u>
Net carrying amount:						
At 31 December 2008	<u>82,139</u>	<u>101,153</u>	<u>4,236</u>	<u>9,158</u>	<u>10,213</u>	<u>206,899</u>
At 1 January 2008	<u>16,426</u>	<u>67,520</u>	<u>4,190</u>	<u>6,878</u>	<u>46,721</u>	<u>141,735</u>
	Year ended 31 December 2009					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2009	85,560	125,497	5,158	14,919	10,213	241,347
Additions	1,166	25,752	1,610	3,069	34,958	66,555
Disposals	(3)	(63,632)	(705)	(1,324)	—	(65,664)
Transfers	<u>4,359</u>	<u>11,139</u>	—	<u>19</u>	<u>(15,517)</u>	—
At 31 December 2009	<u>91,082</u>	<u>98,756</u>	<u>6,063</u>	<u>16,683</u>	<u>29,654</u>	<u>242,238</u>
Accumulated depreciation:						
At 1 January 2009	(3,421)	(24,344)	(922)	(5,761)	—	(34,448)
Depreciation charge for the year . . .	(2,410)	(13,175)	(556)	(2,793)	—	(18,934)
Disposals	—	<u>15,722</u>	<u>10</u>	<u>1,218</u>	—	<u>16,950</u>
At 31 December 2009	<u>(5,831)</u>	<u>(21,797)</u>	<u>(1,468)</u>	<u>(7,336)</u>	<u>—</u>	<u>(36,432)</u>
Net carrying amount:						
At 31 December 2009	<u>85,251</u>	<u>76,959</u>	<u>4,595</u>	<u>9,347</u>	<u>29,654</u>	<u>205,806</u>
At 1 January 2009	<u>82,139</u>	<u>101,153</u>	<u>4,236</u>	<u>9,158</u>	<u>10,213</u>	<u>206,899</u>

II. NOTES TO FINANCIAL INFORMATION — continued

14. Property, Plant and Equipment — continued

	Six-month period 30 June 2010					
	<u>Buildings</u> RMB'000	<u>Machinery</u> RMB'000	<u>Vehicles</u> RMB'000	<u>Electronic equipment and others</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
Cost:						
At 1 January 2010	91,082	98,756	6,063	16,683	29,654	242,238
Additions	—	3,511	—	638	3,845	7,994
Disposals	—	—	—	(3)	—	(3)
At 30 June 2010	<u>91,082</u>	<u>102,267</u>	<u>6,063</u>	<u>17,318</u>	<u>33,499</u>	<u>250,229</u>
Accumulated depreciation:						
At 1 January 2010	(5,831)	(21,797)	(1,468)	(7,336)	—	(36,432)
Depreciation charge for the period . .	(1,271)	(7,259)	(291)	(1,510)	—	(10,331)
Disposals	—	—	—	2	—	2
At 30 June 2010	<u>(7,102)</u>	<u>(29,056)</u>	<u>(1,759)</u>	<u>(8,844)</u>	<u>—</u>	<u>(46,761)</u>
Net carrying amount:						
At 30 June 2010	<u>83,980</u>	<u>73,211</u>	<u>4,304</u>	<u>8,474</u>	<u>33,499</u>	<u>203,468</u>
At 1 January 2010	<u>85,251</u>	<u>76,959</u>	<u>4,595</u>	<u>9,347</u>	<u>29,654</u>	<u>205,806</u>

The carrying amounts of construction in progress of the Group included capitalised interest of approximately RMB3,475,000, RMB27,858,000, RMB40,135,000, RMB19,455,000 (unaudited) and RMB38,453,000 charged for the three years ended 31 December 2007, 2008 and 2009 and the six-month periods ended 30 June 2009 and 2010 (note 8) prior to being transferred to buildings and machinery.

As at 30 June 2010, the Group was in the process of applying for the title certificates of certain of its buildings with an aggregate net carrying amount of approximately RMB14,643,000. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2010.

As at 31 December 2007, 2008 and 2009 and 30 June 2010, certain of the Group's property, plant and equipment with carrying values of approximately RMB47,471,000, RMB492,417,000 and RMB1,574,101,000 and RMB1,923,312,000 were pledged to secure certain of the Group's bank and other borrowings (note 31).

II. NOTES TO FINANCIAL INFORMATION — continued

15. Investment Properties

GROUP

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At beginning of the year/period	—	53,749	79,472	85,995
Addition	13,141	—	—	—
Transfer from property, plant and equipment (note 14)	25,142	32,810	—	12,002
Transfer from prepaid land lease payments (note 16)	15,466	—	6,523	—
Transfer to prepaid land lease payments (note 16)	—	(7,087)	—	—
At end of the year/period.	<u>53,749</u>	<u>79,472</u>	<u>85,995</u>	<u>97,997</u>
Accumulated depreciation:				
At beginning of the year/period	—	(481)	(2,534)	(5,041)
Depreciation charge for the year/period (note 7)	(481)	(1,683)	(2,232)	(1,207)
Transfer from property, plant and equipment (note 14)	—	(480)	—	(2,126)
Transfer from prepaid land lease payments (note 16)	—	—	(275)	—
Transfer to prepaid land lease payments (note 16)	—	110	—	—
At end of the year/period.	<u>(481)</u>	<u>(2,534)</u>	<u>(5,041)</u>	<u>(8,374)</u>
Net carrying amount:				
At end of the year/period.	<u>53,268</u>	<u>76,938</u>	<u>80,954</u>	<u>89,623</u>
At beginning of the year/period	<u>—</u>	<u>53,268</u>	<u>76,938</u>	<u>80,954</u>

II. NOTES TO FINANCIAL INFORMATION — continued

15. Investment Properties — continued

COMPANY

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At beginning of the year/period	—	53,749	75,518	82,041
Addition from acquisition	13,141	—	—	—
Transfer from property, plant and equipment (note 14)	25,142	28,856	—	—
Transfer from prepaid land lease payments (note 16)	15,466	—	6,523	—
Transfer to prepaid land lease payments (note 16)	—	(7,087)	—	—
At end of the year/period	<u>53,749</u>	<u>75,518</u>	<u>82,041</u>	<u>82,041</u>
Accumulated depreciation:				
At beginning of the year/period	—	(481)	(1,961)	(4,279)
Depreciation charge for the year/period	(481)	(1,590)	(2,043)	(1,065)
Transfer from prepaid land lease payments (note 16)	—	—	(275)	—
Transfer to prepaid land lease payments (note 16)	—	110	—	—
At end of the year/period	<u>(481)</u>	<u>(1,961)</u>	<u>(4,279)</u>	<u>(5,344)</u>
Net carrying amount:				
At end of the year/period	<u>53,268</u>	<u>73,557</u>	<u>77,762</u>	<u>76,697</u>
At beginning of the year/period	<u>—</u>	<u>53,268</u>	<u>73,557</u>	<u>77,762</u>

The Group's investment properties were valued on 31 December 2007, 2008 and 2009 and 30 June 2010 by Jones Lang LaSalle Sallmanns, an independent professionally qualified valuer, at approximately RMB111,149,000, RMB145,179,000 and RMB150,750,000 and RMB171,369,000, respectively, on an open market, existing use basis.

The Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 40(a).

As at 31 December 2008, certain of the Group's investment properties with a carrying value of approximately RMB3,954,000 were pledged to secure certain of the Group's bank and other borrowings (note 31).

As at 31 December 2009 and 30 June 2010, certain of the Group's investment properties with carrying values of approximately RMB33,559,000 and RMB33,103,000 were pledged to secure certain of the Group's letter of guarantees, respectively.

II. NOTES TO FINANCIAL INFORMATION — continued

16. Prepaid Land Lease Payments

GROUP

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	33,184	62,807	79,112	160,637
Additions	45,925	12,665	95,199	17,798
Acquisition of a subsidiary (note 36(ii))	—	2,923	—	—
Transfer from investment properties (note 15)	—	6,977	—	—
Transfer to investment properties (note 15)	(15,466)	—	(6,248)	—
Disposal of subsidiaries (note 37)	—	(4,460)	(5,325)	—
Amortisation for the year/period (note 7)	(836)	(1,800)	(2,101)	(1,817)
Carrying amount at end of the year/period	<u>62,807</u>	<u>79,112</u>	<u>160,637</u>	<u>176,618</u>

COMPANY

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	13,190	19,305	31,002	44,159
Additions	21,884	7,785	20,152	623
Transfer from investment properties (note 15)	—	6,977	—	—
Transfer to investment properties (note 15)	(15,466)	—	(6,248)	—
Disposals to a subsidiary	—	(2,329)	—	—
Amortisation for the year/period	(303)	(736)	(747)	(487)
Carrying amount at end of the year/period	<u>19,305</u>	<u>31,002</u>	<u>44,159</u>	<u>44,295</u>

As at 30 June 2010, the Group was in the process of applying for the title certificates of certain of its land use rights with an aggregate net carrying amount of approximately RMB10,294,000. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land use rights. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2010.

As at 31 December 2007 and 2008, certain of the Group's land use rights with carrying values of approximately RMB3,541,000 and RMB5,935,000 respectively were pledged to secure certain of the Group's bank loans (note 31).

II. NOTES TO FINANCIAL INFORMATION — continued

17. Goodwill

GROUP

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cost and carrying amount at beginning of the year/period	—	16	240,195	249,882
Acquisitions of subsidiaries (note 36(i)(ii))	16	270,968	6,252	—
Exchange realignment	—	(30,789)	3,435	(37,952)
Cost and carrying amount at end of the year/period	<u>16</u>	<u>240,195</u>	<u>249,882</u>	<u>211,930</u>

Goodwill acquired through business combinations in 2008 in the amount of approximately RMB270,968,000 has been allocated to the wind turbine generator manufacturing cash-generating unit, which is a reportable segment, for impairment testing.

The recoverable amount of the wind turbine generator manufacturing cash-generating unit has been determined based on a value in use calculation using cash flow projections based on a financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 15.70%.

Key assumptions were used in the value in use calculation of the wind turbine generator manufacturing cash-generating unit for 31 December 2008 and 2009 and 30 June 2010. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions reflect past experience of the management.

II. NOTES TO FINANCIAL INFORMATION — continued

18. Other Intangible Assets

GROUP

	Year ended 31 December 2007			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2007	13,234	3,082	—	16,316
Additions	3,384	2,236	2,506	8,126
Acquisition of a subsidiary (note 36(ii))	—	21	—	21
Disposals	—	(27)	—	(27)
At 31 December 2007	<u>16,618</u>	<u>5,312</u>	<u>2,506</u>	<u>24,436</u>
Accumulated amortisation:				
At 1 January 2007	(3,570)	(614)	—	(4,184)
Amortisation for the year (note 7)	(1,697)	(881)	—	(2,578)
Acquisition of a subsidiary (note 36(ii))	—	(2)	—	(2)
Disposals	—	5	—	5
At 31 December 2007	<u>(5,267)</u>	<u>(1,492)</u>	<u>—</u>	<u>(6,759)</u>
Net carrying amount:				
At 31 December 2007	<u>11,351</u>	<u>3,820</u>	<u>2,506</u>	<u>17,677</u>
At 1 January 2007	<u>9,664</u>	<u>2,468</u>	<u>—</u>	<u>12,132</u>
	Year ended 31 December 2008			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2008	16,618	5,312	2,506	24,436
Additions	731	2,911	1,160	4,802
Acquisition of a subsidiary (note 36(i))	—	1,015	354,158	355,173
Disposals	—	(990)	—	(990)
Exchange realignment	—	(522)	(33,331)	(33,853)
At 31 December 2008	<u>17,349</u>	<u>7,726</u>	<u>324,493</u>	<u>349,568</u>
Accumulated amortisation:				
At 1 January 2008	(5,267)	(1,492)	—	(6,759)
Amortisation for the year (note 7)	(1,888)	(1,524)	(21,046)	(24,458)
Acquisition of a subsidiary (note 36(i))	—	(548)	(2,485)	(3,033)
Disposals	—	990	—	990
Exchange realignment	—	121	3,638	3,759
At 31 December 2008	<u>(7,155)</u>	<u>(2,453)</u>	<u>(19,893)</u>	<u>(29,501)</u>
Net carrying amount:				
At 31 December 2008	<u>10,194</u>	<u>5,273</u>	<u>304,600</u>	<u>320,067</u>
At 1 January 2008	<u>11,351</u>	<u>3,820</u>	<u>2,506</u>	<u>17,677</u>

II. NOTES TO FINANCIAL INFORMATION — continued

18. Other Intangible Assets — continued

	Year ended 31 December 2009			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2009	17,349	7,726	324,493	349,568
Additions	140	6,856	35,775	42,771
Disposals	(9,324)	(211)	(4,220)	(13,755)
Disposal of a subsidiary (note 37)	—	(425)	—	(425)
Exchange realignment	—	31	7,244	7,275
At 31 December 2009	<u>8,165</u>	<u>13,977</u>	<u>363,292</u>	<u>385,434</u>
Accumulated amortisation:				
At 1 January 2009	(7,155)	(2,453)	(19,893)	(29,501)
Amortisation for the year (note 7)	(1,625)	(1,590)	(9,342)	(12,557)
Disposals	6,025	154	—	6,179
Disposal of a subsidiary (note 37)	—	45	—	45
Exchange realignment	—	(12)	(3,038)	(3,050)
At 31 December 2009	<u>(2,755)</u>	<u>(3,856)</u>	<u>(32,273)</u>	<u>(38,884)</u>
Net carrying amount:				
At 31 December 2009	<u>5,410</u>	<u>10,121</u>	<u>331,019</u>	<u>346,550</u>
At 1 January 2009	<u>10,194</u>	<u>5,273</u>	<u>304,600</u>	<u>320,067</u>
	Six-month period ended 30 June 2010			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2010	8,165	13,977	363,292	385,434
Additions	—	4,972	21,849	26,821
Exchange realignment	—	(333)	(47,530)	(47,863)
At 30 June 2010	<u>8,165</u>	<u>18,616</u>	<u>337,611</u>	<u>364,392</u>
Accumulated amortisation:				
At 1 January 2010	(2,755)	(3,856)	(32,273)	(38,884)
Amortisation for the period (note 7)	(428)	(1,406)	(21,994)	(23,828)
Exchange realignment	—	179	3,954	4,133
At 30 June 2010	<u>(3,183)</u>	<u>(5,083)</u>	<u>(50,313)</u>	<u>(58,579)</u>
Net carrying amount:				
At 30 June 2010	<u>4,982</u>	<u>13,533</u>	<u>287,298</u>	<u>305,813</u>
At 1 January 2010	<u>5,410</u>	<u>10,121</u>	<u>331,019</u>	<u>346,550</u>

II. NOTES TO FINANCIAL INFORMATION — continued

18. Other Intangible Assets — continued

COMPANY

	Year ended 31 December 2007			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2007	13,234	3,057	—	16,291
Additions	3,384	2,236	2,506	8,126
At 31 December 2007	16,618	5,293	2,506	24,417
Accumulated amortisation:				
At 1 January 2007	(3,570)	(614)	—	(4,184)
Amortisation for the year	(1,697)	(859)	—	(2,556)
At 31 December 2007	(5,267)	(1,473)	—	(6,740)
Net carrying amount:				
At 31 December 2007	11,351	3,820	2,506	17,677
At 1 January 2007	9,664	2,443	—	12,107
	Year ended 31 December 2008			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2008	16,618	5,293	2,506	24,417
Additions	871	1,828	1,160	3,859
Disposals	—	(971)	—	(971)
At 31 December 2008	17,489	6,150	3,666	27,305
Accumulated amortisation:				
At 1 January 2008	(5,267)	(1,473)	—	(6,740)
Amortisation for the year	(1,888)	(1,222)	—	(3,110)
Disposals	—	971	—	971
At 31 December 2008	(7,155)	(1,724)	—	(8,879)
Net carrying amount:				
At 31 December 2008	10,334	4,426	3,666	18,426
At 1 January 2008	11,351	3,820	2,506	17,677

II. NOTES TO FINANCIAL INFORMATION — continued

18. Other Intangible Assets — continued

	Year ended 31 December 2009			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2009	17,489	6,150	3,666	27,305
Additions	—	1,478	13,398	14,876
Disposals	(9,324)	(211)	(4,220)	(13,755)
At 31 December 2009	<u>8,165</u>	<u>7,417</u>	<u>12,844</u>	<u>28,426</u>
Accumulated amortisation:				
At 1 January 2009	(7,155)	(1,724)	—	(8,879)
Amortisation for the year	(1,625)	(1,029)	(141)	(2,795)
Disposals	6,024	153	—	6,177
At 31 December 2009	<u>(2,756)</u>	<u>(2,600)</u>	<u>(141)</u>	<u>(5,497)</u>
Net carrying amount:				
At 31 December 2009	<u>5,409</u>	<u>4,817</u>	<u>12,703</u>	<u>22,929</u>
At 1 January 2009	<u>10,334</u>	<u>4,426</u>	<u>3,666</u>	<u>18,426</u>

	Six-month period ended 30 June 2010			
	Technology license	Office software	Patent	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2010	8,165	7,417	12,844	28,426
Additions	—	3,935	2,621	6,556
At 30 June 2010	<u>8,165</u>	<u>11,352</u>	<u>15,465</u>	<u>34,982</u>
Accumulated amortisation:				
At 1 January 2010	(2,756)	(2,600)	(141)	(5,497)
Amortisation for the period	(428)	(686)	(211)	(1,325)
At 30 June 2010	<u>(3,184)</u>	<u>(3,286)</u>	<u>(352)</u>	<u>(6,822)</u>
Net carrying amount:				
At 30 June 2010	<u>4,981</u>	<u>8,066</u>	<u>15,113</u>	<u>28,160</u>
At 1 January 2010	<u>5,409</u>	<u>4,817</u>	<u>12,703</u>	<u>22,929</u>

19. Investments in Subsidiaries

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	<u>206,158</u>	<u>1,239,604</u>	<u>1,367,164</u>	<u>1,397,448</u>

Particulars of all subsidiaries of the Company are set out in note 1 of Section II above.

II. NOTES TO FINANCIAL INFORMATION — continued

20. Interests in Jointly-controlled Entities/Investment in a Jointly-controlled Entity

	GROUP	
	As at 31 December 2009	As at 30 June 2010
	RMB'000	RMB'000
Share of net assets	69,741	49,520

	COMPANY	
	As at 31 December 2009	As at 30 June 2010
	RMB'000	RMB'000
Unlisted investment, at cost	17,500	17,500

Particulars of the jointly-controlled entities of the Group are set out in note 1 of Section II above.

The following tables illustrate the summarised financial information of the Group's jointly-controlled entities:

	As at 31 December 2009	As at 30 June 2010
	RMB'000	RMB'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	151,841	134,240
Non-current assets	20,058	292,496
Current liabilities	(158)	(31,436)
Non-current liabilities	(102,000)	(345,780)
Net assets	69,741	49,520

	Year ended 31 December 2009	Six-month period ended 30 June 2010
	RMB'000	RMB'000
Share of the jointly-controlled entities' results:		
Revenue	881	—
Cost of sales	(281)	—
Total expenses	(876)	(27)
Tax	(13)	—
Loss after tax	(289)	(27)

As the Group started to invest in jointly-controlled entities during the second half of 2009, the Group did not share any profit or loss of these jointly-controlled entities during the six-month period ended 30 June 2009.

21. Interests/Investments in Associates

	GROUP		COMPANY	
	As at 31 December 2009	As at 30 June 2010	As at 31 December 2009	As at 30 June 2010
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	—	—	44,140	44,140
Share of net assets	47,370	51,888	—	—
	47,370	51,888	44,140	44,140

II. NOTES TO FINANCIAL INFORMATION — continued

21. Interests/Investments in Associates — continued

Particulars of the associates of the Group are set out in note 1 of Section II above.

The following tables illustrate the summarised financial information of the Group's associates extracted from their management accounts:

	As at 31 December 2009 RMB'000	As at 30 June 2010 RMB'000
The associates' financial position:		
Current assets	57,305	150,724
Non-current assets	162,471	179,506
Current liabilities	(21,349)	(71,591)
Non-current liabilities	(27,770)	(95,100)
Net assets	<u>170,657</u>	<u>163,539</u>
	Year ended 31 December 2009 RMB'000	Six-month period ended 30 June 2010 RMB'000
The associates' operating results:		
Revenue	<u>53,486</u>	<u>45,156</u>
Profit/(loss)	<u>13,584</u>	<u>(7,117)</u>

22. Available-for-sale Investments

GROUP

	As at 31 December			As at 30 June
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Unlisted equity investments, at cost	<u>4,171</u>	<u>26,171</u>	<u>9,000</u>	<u>9,200</u>

COMPANY

	As at 31 December			As at 30 June
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Unlisted equity investments, at cost	<u>3,171</u>	<u>25,171</u>	<u>8,000</u>	<u>8,000</u>

The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at each reporting date because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

II. NOTES TO FINANCIAL INFORMATION — continued

23. Deferred Tax Assets and Deferred Tax Liabilities

The movements in deferred tax assets and deferred tax liabilities during the Track Record Period are as follows:

GROUP

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period, net	3,518	11,710	16,332	99,567
Acquisition of a subsidiary (note 36(i))	—	(100,133)	—	—
Disposals of subsidiaries (note 37)	—	(719)	(419)	—
Deferred tax credited to profit or loss during the year/period (note 10)	8,192	89,582	88,974	36,592
Exchange realignment	—	15,892	(5,320)	13,562
At end of the year/period, net	<u>11,710</u>	<u>16,332</u>	<u>99,567</u>	<u>149,721</u>

COMPANY

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period, net	3,518	10,139	54,524	93,191
Deferred tax credited to profit or loss during the year/period . .	<u>6,621</u>	<u>44,385</u>	<u>38,667</u>	<u>41,153</u>
At end of the year/period, net	<u>10,139</u>	<u>54,524</u>	<u>93,191</u>	<u>134,344</u>

II. NOTES TO FINANCIAL INFORMATION — continued

23. Deferred Tax Assets and Deferred Tax Liabilities — continued

The deferred tax assets and deferred tax liabilities are attributed to the following items, which are reflected in the consolidated statements of financial position:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
Deferred tax assets:				
Provision for impairment of assets	10,398	31,669	29,649	39,010
Difference in amortisation for tax purposes	—	455	999	1,401
Provisions and accruals	—	27,390	92,226	114,249
Government grants received not yet recognised as income	—	3,287	3,297	1,788
Unrealised gains arising from intra-group sales	—	36,605	63,511	62,070
Others	<u>1,312</u>	<u>2,497</u>	<u>822</u>	<u>1,657</u>
Gross deferred tax assets	<u>11,710</u>	<u>101,903</u>	<u>190,504</u>	<u>220,175</u>
Deferred tax liabilities:				
Excess of fair values of identifiable assets and liabilities over carrying values in acquisition of a subsidiary	—	76,351	73,760	57,698
Others	<u>—</u>	<u>9,220</u>	<u>17,177</u>	<u>12,756</u>
Gross deferred tax liabilities	<u>—</u>	<u>85,571</u>	<u>90,937</u>	<u>70,454</u>
Net deferred tax assets	<u>11,710</u>	<u>16,332</u>	<u>99,567</u>	<u>149,721</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
Deferred tax assets:				
Provision for impairment of assets	10,139	22,608	27,027	36,595
Difference in amortisation for tax purposes	—	455	999	1,401
Provisions and accruals	—	27,380	62,017	92,923
Government grants received not yet recognised as income	—	3,287	2,868	1,788
Others	<u>—</u>	<u>794</u>	<u>280</u>	<u>1,637</u>
Gross deferred tax assets	<u>10,139</u>	<u>54,524</u>	<u>93,191</u>	<u>134,344</u>
Net deferred tax assets	<u>10,139</u>	<u>54,524</u>	<u>93,191</u>	<u>134,344</u>

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

II. NOTES TO FINANCIAL INFORMATION — continued

24. Inventories

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
Raw materials	412,524	760,450	927,554	1,843,112
Work in progress	340,449	942,847	1,239,104	769,253
Finished and semi-finished goods	198,073	279,711	543,912	1,322,526
Consigned processing materials	19,542	130,163	137,597	127,081
Low-value consumables and others	964	6,025	5,379	12,813
	<u>971,552</u>	<u>2,119,196</u>	<u>2,853,546</u>	<u>4,074,785</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
Raw materials	407,174	596,138	588,257	1,186,637
Work in progress	340,449	569,630	1,037,300	526,980
Finished and semi-finished goods	197,712	264,506	233,651	343,639
Consigned processing materials	19,542	117,265	107,350	113,333
Low-value consumables and others	308	698	676	813
	<u>965,185</u>	<u>1,548,237</u>	<u>1,967,234</u>	<u>2,171,402</u>

25. Trade and Bills Receivables

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
Trade receivables	619,582	2,539,564	2,624,662	5,161,033
Bills receivable	—	39,000	209,799	123,970
Retention money receivables	189,165	189,300	272,182	451,133
Provision for impairment	(44,681)	(148,843)	(187,036)	(249,132)
	<u>764,066</u>	<u>2,619,021</u>	<u>2,919,607</u>	<u>5,487,004</u>

II. NOTES TO FINANCIAL INFORMATION — continued

25. Trade and Bills Receivables — continued

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Trade receivables	610,787	2,141,156	1,996,877	4,649,063
Bills receivable	—	39,000	202,381	120,322
Retention money receivables	189,165	189,300	237,508	414,634
Provision for impairment	(44,201)	(128,618)	(151,666)	(236,038)
	<u>755,751</u>	<u>2,240,838</u>	<u>2,285,100</u>	<u>4,947,981</u>

The Group normally allows a credit period of not more than three months to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

An aged analysis of trade and bills receivables, based on the invoice date and net of provisions, as at the respective reporting dates is as follows:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Within 3 months	586,782	1,898,080	1,453,034	3,261,947
3 to 6 months	8,217	51,395	398,581	532,946
6 months to 1 year	97,551	505,435	484,080	1,085,246
1 to 2 years	69,424	131,556	455,656	543,521
2 to 3 years	87	31,219	107,439	47,357
Over 3 years	2,005	1,336	20,817	15,987
	<u>764,066</u>	<u>2,619,021</u>	<u>2,919,607</u>	<u>5,487,004</u>

II. NOTES TO FINANCIAL INFORMATION — continued

25. Trade and Bills Receivables — continued

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	580,140	1,523,767	962,740	3,124,842
3 to 6 months	7,267	48,217	384,502	505,473
6 months to 1 year	97,551	505,216	391,922	769,203
1 to 2 years	68,701	131,145	417,966	485,762
2 to 3 years	87	31,157	107,153	46,788
Over 3 years	2,005	1,336	20,817	15,913
	<u>755,751</u>	<u>2,240,838</u>	<u>2,285,100</u>	<u>4,947,981</u>

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

GROUP

	As at
	30 June
	2010
	RMB'000
Neither past due nor impaired	3,036,782
Less than 3 months past due	393,629
3 to 6 months past due	733,324
	<u>4,163,735</u>

COMPANY

	As at
	30 June
	2010
	RMB'000
Neither past due nor impaired	2,952,302
Less than 3 months past due	388,733
3 to 6 months past due	389,595
	<u>3,730,630</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

II. NOTES TO FINANCIAL INFORMATION — continued

25. Trade and Bills Receivables — continued

As at 31 December 2007, 2008 and 2009 and 30 June 2010, all the Group's trade and bills receivables were either individually or collectively considered to be impaired.

Movements in the provision for impairment of trade and bills receivables are as follows:

GROUP

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	15,082	44,681	148,843	187,036
Acquisition of a subsidiary	—	1,694	—	—
Impairment losses recognised.	38,797	129,534	126,583	179,172
Impairment losses reversed	(9,120)	(24,625)	(85,847)	(116,123)
Disposal of subsidiaries	(78)	(2,441)	(2,594)	—
Exchange realignment	—	—	51	(953)
At end of the year/period.	<u>44,681</u>	<u>148,843</u>	<u>187,036</u>	<u>249,132</u>

COMPANY

	Year ended 31 December			Six-month ended period 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	15,046	44,201	128,618	151,666
Impairment losses recognised.	38,275	109,042	93,254	171,520
Impairment losses reversed	(9,120)	(24,625)	(70,206)	(87,148)
At end of the year/period.	<u>44,201</u>	<u>128,618</u>	<u>151,666</u>	<u>236,038</u>

The amounts due from Xinjiang Wind Power Company Limited ("Xinjiang Wind Power") (新疆風能有限責任公司), the 18%-owned shareholder of the Company, and a jointly-controlled entity included in the trade and bills receivables are as follows:

	As at 31 December		As at 30 June
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
18%-owned shareholder of the Company	3	68,175	24,395
A jointly-controlled entity	—	—	14,875
	<u>3</u>	<u>68,175</u>	<u>39,270</u>

The above amounts are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to other independent customers of the Group.

As at 31 December 2009 and 30 June 2010, trade and bills receivables amounting to RMB42,183,000 and RMB102,196,000 were pledged to secure certain of the Group's bank and other borrowings (note 31).

II. NOTES TO FINANCIAL INFORMATION — continued

26. Prepayments, Deposits and Other Receivables

GROUP

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Advance to suppliers	480,454	760,325	736,593	779,248
Prepayments	—	1,063	8,503	11,337
Deposits and other receivables	18,993	289,890	92,547	522,242
Provision for impairment	(1,049)	(14,894)	(5,299)	(5,533)
	498,398	1,036,384	832,344	1,307,294
Portion classified as non-current assets	—	(323)	(1,935)	(4,991)
Current portion	<u>498,398</u>	<u>1,036,061</u>	<u>830,409</u>	<u>1,302,303</u>

COMPANY

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Advance to suppliers	457,793	577,509	449,730	779,204
Prepayments	—	361	4,810	4,809
Deposits and other receivables	154,523	141,838	352,691	404,491
Provision for impairment	(8,816)	(9,327)	(24,020)	(3,435)
	603,500	710,381	783,211	1,185,069
Portion classified as non-current assets	—	—	—	—
Current portion	<u>603,500</u>	<u>710,381</u>	<u>783,211</u>	<u>1,185,069</u>

Movements in the provision for impairment of prepayments, deposits and other receivables are as follows:

GROUP

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	554	1,049	14,894	5,299
Impairment losses recognised	605	14,357	20,444	19,765
Impairment losses reversed	(106)	(214)	(30,135)	(18,386)
Written off	—	(298)	—	(2)
Disposals of subsidiaries	(4)	—	(33)	—
Exchange differences	—	—	129	(1,143)
At end of the year/period	<u>1,049</u>	<u>14,894</u>	<u>5,299</u>	<u>5,533</u>

II. NOTES TO FINANCIAL INFORMATION — continued

26. Prepayments, Deposits and Other Receivables — continued

COMPANY

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	1,540	8,816	9,327	24,020
Impairment losses recognised.	7,382	6,214	17,378	18,037
Impairment losses reversed	(106)	(5,405)	(2,685)	(38,622)
Written off	—	(298)	—	—
At end of the year/period.	<u>8,816</u>	<u>9,327</u>	<u>24,020</u>	<u>3,435</u>

The amounts due from Xinjiang Wind Power, the Group's jointly-controlled entities and an associate included in the prepayments, deposits and other receivables are as follows:

	As at 31 December	As at
	2009	30 June
	RMB'000	2010
18%-owned shareholder	1,560	—
Jointly-controlled entities	—	32
An associate	—	4,784
	<u>1,560</u>	<u>4,816</u>

The above amounts are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to independent third parties.

II. NOTES TO FINANCIAL INFORMATION — continued

27. Cash and Cash Equivalents and Pledged Deposits

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	2,133,302	1,647,685	2,576,460	1,118,539
Time deposits	546,361	1,638,715	2,101,028	736,802
	2,679,663	3,286,400	4,677,488	1,855,341
Less: Pledged time deposits for				
— bank loans (note 31)	—	—	(218,538)	(145,967)
Cash and cash equivalents in the consolidated statements of financial position	2,679,663	3,286,400	4,458,950	1,709,374
Less: Non-pledged time deposits with original maturity of three months or more when acquired	—	—	(80,000)	(81,757)
Cash and cash equivalents in the consolidated statements of cash flows	<u>2,679,663</u>	<u>3,286,400</u>	<u>4,378,950</u>	<u>1,627,617</u>
Cash and cash equivalents and pledged deposits denominated in:				
— RMB	2,643,057	3,231,787	4,469,305	1,705,573
— other currencies	36,606	54,613	208,183	149,768
	<u>2,679,663</u>	<u>3,286,400</u>	<u>4,677,488</u>	<u>1,855,341</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	2,035,948	860,953	1,470,293	372,026
Time deposits	537,393	782,114	964,042	515,856
	2,573,341	1,643,067	2,434,335	887,882
Less: Pledged time deposits for				
— bank loans	—	—	(218,538)	(145,967)
Cash and cash equivalents	<u>2,573,341</u>	<u>1,643,067</u>	<u>2,215,797</u>	<u>741,915</u>
Cash and cash equivalents and pledged deposits denominated in:				
— RMB	2,572,831	1,642,954	2,429,920	887,809
— other currencies	510	113	4,415	73
	<u>2,573,341</u>	<u>1,643,067</u>	<u>2,434,335</u>	<u>887,882</u>

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

II. NOTES TO FINANCIAL INFORMATION — continued

27. Cash and Cash Equivalents and Pledged Deposits — continued

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

28. Trade and Bills Payables

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Trade payables	442,397	1,332,390	1,997,643	3,557,881
Bills payables	492,128	1,212,140	1,762,564	1,862,532
	<u>934,525</u>	<u>2,544,530</u>	<u>3,760,207</u>	<u>5,420,413</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Trade payables	437,180	876,741	1,219,036	2,163,371
Bills payables	492,128	816,078	1,047,818	1,648,659
	<u>929,308</u>	<u>1,692,819</u>	<u>2,266,854</u>	<u>3,812,030</u>

Trade and bills payables are non-interest-bearing and are normally settled within 90 days.

An aged analysis of the Group's trade and bills payables as at 31 December 2007, 2008 and 2009 and 30 June 2010 is as follows:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Within 3 months	797,679	2,409,862	3,142,625	4,477,055
3 to 6 months	133,951	104,926	478,464	348,736
6 months to 1 year	549	24,448	66,212	524,486
1 to 2 years	1,592	3,567	70,852	64,756
2 to 3 years	475	1,431	893	4,196
Over 3 years	279	296	1,161	1,184
	<u>934,525</u>	<u>2,544,530</u>	<u>3,760,207</u>	<u>5,420,413</u>

II. NOTES TO FINANCIAL INFORMATION — continued

28. Trade and Bills Payables — continued

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Within 3 months	798,889	1,600,536	1,838,631	3,531,764
3 to 6 months	127,585	80,207	328,839	196,516
6 months to 1 year	488	9,489	28,529	42,915
1 to 2 years	1,592	860	68,892	35,679
2 to 3 years	475	1,431	802	3,995
Over 3 years	279	296	1,161	1,161
	<u>929,308</u>	<u>1,692,819</u>	<u>2,266,854</u>	<u>3,812,030</u>

The amounts due to the Group's associates included in the trade and bills payables are as follows:

	As at	As at
	31 December 2009	30 June 2010
	RMB'000	RMB'000
Associates	<u>16,473</u>	<u>15,144</u>

29. Other Payables

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Advances from customers	679,398	2,362,385	1,814,295	593,662
Accrued salaries, wages and benefits	68,166	76,254	129,142	36,521
Other taxes payable	110,216	111,650	16,600	162,061
Others	4,324	121,109	95,749	117,235
	<u>862,104</u>	<u>2,671,398</u>	<u>2,055,786</u>	<u>909,479</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Advances from customers	692,942	1,750,654	1,671,584	618,719
Accrued salaries, wages and benefits	67,334	52,926	76,051	21,087
Other taxes payable	109,931	100,030	182,736	156,417
Others	3,741	236,166	7,937	37,347
	<u>873,948</u>	<u>2,139,776</u>	<u>1,938,308</u>	<u>833,570</u>

II. NOTES TO FINANCIAL INFORMATION — continued

29. Other Payables — continued

The amounts due to the Group's jointly-controlled entities included in advances from customers are as follows:

	<u>As at 31 December 2009</u> RMB'000	<u>As at 30 June 2010</u> RMB'000
Jointly-controlled entities	<u>190,003</u>	<u>46,364</u>

Other payables are non-interest-bearing and have no fixed terms of repayment.

30. Derivative Financial Instruments

GROUP AND COMPANY

	<u>As at 31 December</u>		<u>As at 30 June</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>
	RMB'000	RMB'000	RMB'000
Forward currency contracts			
Assets	<u>—</u>	<u>4,667</u>	<u>—</u>
Liabilities	<u>2,279</u>	<u>10,746</u>	<u>2,798</u>

The carrying amounts of the forward currency contracts are the same as their fair values. The above transactions involving derivative financial instruments are with the Bank of China.

The Company entered into forward currency contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging currency derivatives amounting to RMB2,279,000 and RMB3,800,000 were charged to profit or loss for the two years ended 31 December 2008 and 2009, respectively, and changes in the fair value of non-hedging currency derivatives amounting to RMB1,902,000 (unaudited) and RMB3,281,000 were credited to profit or loss for the six-month periods ended 30 June 2009 and 2010, respectively.

II. NOTES TO FINANCIAL INFORMATION — continued

31. Interest-bearing Bank and Other Borrowings

GROUP

	As at 31 December									As at 30 June		
	2007			2008			2009			2010		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Secured	—	—	—	—	—	—	1.33-7.00	2010	494,393	1.70-7.00	2010-2011	216,582
Unsecured	5.27-5.83	2008	470,000	5.91	2009	50,000	6.61-7.56	2010	107,499	2.40-7.56	2010-2011	665,231
			<u>470,000</u>			<u>50,000</u>			<u>601,892</u>			<u>881,813</u>
Non-current												
Secured	6.12-7.13	2009-2011	68,000	7.00-7.83	2010-2020	865,667	2.44	2011-2021	1,666,095	5.10-7.00	2011-2024	1,992,874
Unsecured	6.48-6.75	2009-2010	85,000	7.56-7.74	2010-2013	416,008	5.35-7.00	2011-2014	356,026	4.25	2011-2024	47,536
			<u>153,000</u>			<u>1,281,675</u>			<u>2,022,121</u>			<u>2,040,410</u>
			<u>623,000</u>			<u>1,331,675</u>			<u>2,624,013</u>			<u>2,922,223</u>
Interest-bearing bank and other borrowings denominated in:												
— RMB			623,000			943,298			1,935,800			2,356,300
— EUR			—			388,377			646,948			373,741
— USD			—			—			41,265			192,182
			<u>623,000</u>			<u>1,331,675</u>			<u>2,624,013</u>			<u>2,922,223</u>

COMPANY

	As at 31 December									As at 30 June		
	2007			2008			2009			2010		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Secured	—	—	—	—	—	—	1.33-1.99	2010	224,492	1.70-2.70	2010-2011	144,646
Unsecured	5.43-5.83	2008	470,000	5.91	2009	50,000	6.61-7.56	2010	35,000	4.37-7.56	2010-2011	120,000
			<u>470,000</u>			<u>50,000</u>			<u>259,492</u>			<u>264,646</u>
Non-current												
Secured	6.12	2009-2011	50,000	7.74	2010-2011	50,000	—	—	—	—	—	—
Unsecured	6.48-6.75	2009-2010	85,000	7.56-7.74	2010	65,000	—	—	—	—	—	—
			<u>135,000</u>			<u>115,000</u>			—			—
			<u>605,000</u>			<u>165,000</u>			<u>259,492</u>			<u>264,646</u>
Interest-bearing bank loans denominated in:												
— RMB			605,000			165,000			35,000			120,000
— EUR			—			—			183,227			—
— USD			—			—			41,265			144,646
			<u>605,000</u>			<u>165,000</u>			<u>259,492</u>			<u>264,646</u>

II. NOTES TO FINANCIAL INFORMATION — continued

31. Interest-bearing Bank and Other Borrowings — continued

The maturity profile of the interest-bearing bank and other borrowings as 31 December 2007, 2008 and 2009 and 30 June 2010 is as follows:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	470,000	50,000	598,990	879,277
In the second year	55,000	105,000	454,527	111,354
In the third to fifth years, inclusive	98,000	529,306	408,000	377,596
Above five years.	—	610,000	1,127,300	1,525,486
	<u>623,000</u>	<u>1,294,306</u>	<u>2,588,817</u>	<u>2,893,713</u>
Other borrowings repayable:				
Within one year	—	—	2,902	2,536
In the second year	—	9,793	3,110	2,719
In the third to fifth years, inclusive	—	15,647	10,946	13,329
Above five years.	—	11,929	18,238	9,926
	<u>—</u>	<u>37,369</u>	<u>35,196</u>	<u>28,510</u>
	<u>623,000</u>	<u>1,331,675</u>	<u>2,624,013</u>	<u>2,922,223</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Bank loans repayable:				
Within one year	470,000	50,000	259,492	264,646
In the second year	50,000	65,000	—	—
In the third to fifth years, inclusive	85,000	50,000	—	—
	<u>605,000</u>	<u>165,000</u>	<u>259,492</u>	<u>264,646</u>

The Group's bank loans of approximately RMB118,000,000, RMB1,251,675,000 and RMB2,609,013,000 and RMB2,554,687,000 at 31 December 2007, 2008 and 2009 and 30 June 2010, respectively, were secured and guaranteed by:

- (a) Certain of the Group's bank loans amounting to RMB50,000,000 and RMB300,000,000 as at 31 December 2007 and 2008, respectively, were secured by mortgages over the Group's property, plant and equipment and land use rights (prepaid land lease payments), which had aggregate carrying values of approximately RMB36,192,000 and RMB430,682,000 as at 31 December 2007 and 2008, respectively.

II. NOTES TO FINANCIAL INFORMATION — continued**31. Interest-bearing Bank and Other Borrowings — continued**

- (b) Certain of the Group's bank loans amounting to approximately RMB519,000,000 and RMB788,000,000 and RMB229,300,000 as at 31 December 2008 and 2009 and 30 June 2010, respectively, were secured by pledge of certain of the Company's subsidiaries' electricity charge right and their future income thereon. These subsidiaries commenced operation in 2009; the receivables under this charge amounted to RMB23,672,000 and RMB40,430,000 as at 31 December 2009 and 30 June 2010, respectively.
- (c) Certain of the Group's bank loans amounting to approximately RMB1,112,800,000 and RMB1,807,000,000 as at 31 December 2009 and 30 June 2010, respectively, were secured by mortgages over certain of the Company's subsidiaries' property, plant and equipment and by pledge of these subsidiaries' electricity charge right and their future income thereon. As at 31 December 2009, the aggregate carrying values of the property, plant and equipment, and the receivables under the electricity charge amounted to RMB1,517,803,000 and RMB18,511,000, respectively. As at 30 June 2010, the aggregate carrying values of the property, plant and equipment and the receivables under the electricity charge amounted to RMB1,875,572,000 and RMB61,766,000, respectively.
- (d) Certain of the Group's bank loans amounting to approximately RMB224,492,000 and RMB144,646,000 as at 31 December 2009 and 30 June 2010, respectively, were secured by pledge of certain of the Group's bank deposits amounting to approximately RMB218,538,000 and RMB145,967,000 (note 27) as at 31 December 2009 and 30 June 2010, respectively.
- (e) Certain of the Group's bank loans amounting to RMB50,000,000, RMB35,000,000 and RMB20,000,000 as at 31 December 2007, 2008 and 2009 were guaranteed by China Three Gorges New Energy, a shareholder of the Company. The guarantee by China Three Gorges New Energy was released in March 2010.
- (f) The bank loans of one of the Company's subsidiaries, Beijing Tianyuan, amounting to approximately RMB18,000,000 and RMB9,298,000 as at 31 December 2007 and 2008, respectively, were guaranteed by China Orientwise Group (FS) Ltd. ("China Orientwise") (北京中科智擔保有限公司), an independent third party. Beijing Tianyuan in turn provided counter-guarantees by mortgages over certain of its property, plant and equipment and investment properties with carrying values aggregating RMB14,820,000 and RMB14,636,000 as at 31 December 2007 and 2008, respectively, to China Orientwise.
- (g) Certain of the bank loans of one of the Company's subsidiaries, Goldwind Windenergy, amounting to approximately EUR36,340,000 (equivalent to approximately RMB351,008,000) and EUR36,340,000 (equivalent to approximately RMB356,027,000) and EUR36,340,000 (equivalent to approximately RMB300,568,000) as at 31 December 2008 and 2009 and 30 June 2010, respectively, were guaranteed by China Construction Bank in the form of letters of guarantee. The Company in turn provided counter-guarantees of the same amounts to China Construction Bank as at 31 December 2008 and 2009 and 30 June 2010.
- (h) Certain of the bank loans of one of the Company's subsidiaries, Goldwind Windenergy, amounting to EUR7,400,000 (equivalent to approximately RMB72,498,000) and EUR5,400,000 (equivalent to approximately RMB44,663,000) as at 31 December 2009 and 30 June 2010, respectively, were

II. NOTES TO FINANCIAL INFORMATION — continued

31. Interest-bearing Bank and Other Borrowings — continued

guaranteed by Bank of China in the form of letters of guarantee. The Company in turn provided counter-guarantees of the same amounts to Bank of China as at 31 December 2009 and 30 June 2010.

- (i) The Group's other borrowing amounting to EUR3,868,000 (equivalent to approximately RMB37,369,000) and EUR3,593,000 (equivalent to approximately RMB35,196,000) and EUR3,447,000 (equivalent to approximately RMB28,510,000) as at 31 December 2008 and 2009 and 30 June 2010, respectively, were secured by mortgages over certain of the Group's property, plant and equipment of carrying values aggregating RMB56,988,000, RMB56,298,000 and RMB47,740,000 as at 31 December 2008 and 2009 and 30 June 2010, respectively.

Other interest rate information:

GROUP

	As at 31 December						As at 30 June	
	2007		2008		2009		2010	
	Fixed rate RMB'000	Floating rate RMB'000	Fixed rate RMB'000	Floating rate RMB'000	Fixed rate RMB'000	Floating rate RMB'000	Fixed rate RMB'000	Floating rate RMB'000
Bank loans:								
Secured	—	68,000	—	828,298	224,492	1,900,800	144,646	2,036,300
Unsecured	470,000	85,000	—	466,008	—	463,525	300,000	412,767
Other borrowings:								
Secured	—	—	37,369	—	35,196	—	28,510	—
	<u>470,000</u>	<u>153,000</u>	<u>37,369</u>	<u>1,294,306</u>	<u>259,688</u>	<u>2,364,325</u>	<u>473,156</u>	<u>2,449,067</u>

COMPANY

	As at 31 December						As at 30 June	
	2007		2008		2009		2010	
	Fixed rate RMB'000	Floating rate RMB'000	Fixed rate RMB'000	Floating rate RMB'000	Fixed rate RMB'000	Floating rate RMB'000	Fixed rate RMB'000	Floating rate RMB'000
Bank loans:								
Secured	—	50,000	—	50,000	224,492	—	144,646	—
Unsecured	470,000	85,000	—	115,000	—	35,000	100,000	20,000
	<u>470,000</u>	<u>135,000</u>	<u>—</u>	<u>165,000</u>	<u>224,492</u>	<u>35,000</u>	<u>244,646</u>	<u>20,000</u>

The carrying amounts of the Group's bank loans, current other borrowings and non-current floating rate other borrowings and the Company's bank loans approximate to their fair values. The carrying amounts and fair values of the Group's non-current fixed rate secured other borrowings are as follows:

GROUP

	As at 31 December						As at 30 June	
	2007		2008		2009		2010	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Other borrowings:								
Secured	—	—	37,369	37,386	35,196	32,295	28,510	28,517

II. NOTES TO FINANCIAL INFORMATION — continued

32. Provision

The Group generally provides two-year warranties to its customers on the wind turbine generators sold by the Group, under which faulty components are repaired or replaced. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

GROUP

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	—	23,942	131,312	437,092
Additional provision (note 7)	31,810	131,713	458,775	257,866
Acquisition of a subsidiary (note 36(i))	—	11,488	—	—
Amounts utilised	(7,868)	(33,991)	(153,447)	(80,621)
Exchange realignment	—	(1,840)	452	(6,341)
At end of the year/period	23,942	131,312	437,092	607,996
Portion classified as current liabilities	(7,920)	(51,059)	(241,297)	(310,150)
Non-current portion	<u>16,022</u>	<u>80,253</u>	<u>195,795</u>	<u>297,846</u>

COMPANY

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	—	30,208	110,746	286,509
Additional provision	52,768	136,774	311,652	249,876
Amounts utilised	(22,560)	(56,236)	(135,889)	(74,432)
At end of the year/period	30,208	110,746	286,509	461,953
Portion classified as current liabilities	(9,993)	(36,636)	(133,300)	(212,239)
Non-current portion	<u>20,215</u>	<u>74,110</u>	<u>153,209</u>	<u>249,714</u>

The carrying amounts of the Group's provisions approximate to their fair values.

33. Deferred Income

GROUP

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants (note (i))	75,086	98,387	140,588	159,301
Others (note (ii))	—	—	—	9,905
	<u>75,086</u>	<u>98,387</u>	<u>140,588</u>	<u>169,206</u>

II. NOTES TO FINANCIAL INFORMATION — continued

33. Deferred Income — continued

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
Government grants	<u>55,291</u>	<u>78,841</u>	<u>116,268</u>	<u>120,531</u>

- (i) Government grants are received by the Group as financial subsidies for the research and development projects and improvement of manufacturing facilities of the Group. Government grants are recognised as income over the periods necessary to match the grant on a systematic basis to the research and development costs that they are intended to compensate or over the expected useful life of the relevant property, machinery and equipment.

The movements of government grants during the Track Record Period were as follows:

GROUP

	Year ended 31 December			Six-month
	2007	2008	2009	period ended
	RMB'000	RMB'000	RMB'000	30 June
At beginning of the year/period	32,168	75,086	98,387	140,588
Additions	52,711	28,473	61,664	39,352
Recognised as income during the year/period	<u>(9,793)</u>	<u>(5,172)</u>	<u>(19,463)</u>	<u>(20,639)</u>
At end of the year/period	<u>75,086</u>	<u>98,387</u>	<u>140,588</u>	<u>159,301</u>

- (ii) As set out in note 1 (xvi) of Section II, the Group lost control of Qianguo Fuhui during the six-month period ended 30 June 2010. As such, Qianguo Fuhui becomes a jointly-controlled entity of the Group. As the Company has previously sold wind turbine generators and wind power components to Qianguo Fuhui, the relevant unrealized profit on these sales that need to be eliminated against the Group's interest in Qianguo Fuhui as at 30 June 2010 was accounted for as deferred income, details of which are set out below:

	As at 30 June
	2010
	RMB'000
Interest in Qianguo Fuhui as a jointly-controlled entity	20,320
Less: Unrealized profit	<u>(30,225)</u>
Deferred income (note 38)	<u>9,905</u>

II. NOTES TO FINANCIAL INFORMATION — continued

33. Deferred Income — continued

COMPANY

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	32,168	55,291	78,841	116,268
Additions	32,916	27,896	56,890	21,765
Recognised as income during the year/period	(9,793)	(4,346)	(19,463)	(17,502)
At end of the year/period	<u>55,291</u>	<u>78,841</u>	<u>116,268</u>	<u>120,531</u>

34. Issued Share Capital

	As at 31 December				As at 30 June			
	2007		2008		2009		2010	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000
<u>Shares</u>								
Registered, issued and fully paid:								
Domestic shares of RMB1.00 each	—	—	—	—	—	—	—	—
A shares of RMB1.00 each	500,000	500,000	1,000,000	1,000,000	1,400,000	1,400,000	2,240,000	2,240,000
	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>2,240,000</u>	<u>2,240,000</u>

Movements in the share capital during the Track Record Period were as follows:

	Year ended 31 December						Six-month period ended 30 June	
	2007		2008		2009		2010	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000
At beginning of the year/period	100,000	100,000	500,000	500,000	1,000,000	1,000,000	1,400,000	1,400,000
Capitalisation of capital reserve	130,000 ^(a)	130,000 ^(a)	50,000 ^(c)	50,000 ^(c)	—	—	—	—
Capitalisation of statutory surplus reserve	34,000 ^(a)	34,000 ^(a)	—	—	—	—	—	—
Issue of bonus shares	186,000 ^(a)	186,000 ^(a)	450,000 ^(c)	450,000 ^(c)	400,000 ^(d)	400,000 ^(d)	840,000 ^(e)	840,000 ^(e)
Issue of new shares	50,000 ^(b)	50,000 ^(b)	—	—	—	—	—	—
At end of the year/period	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>2,240,000</u>	<u>2,240,000</u>

Notes:

- (a) Pursuant to the resolution of the annual general meeting on 24 March 2007, the registered capital of the Company was increased by capitalising the capital reserve of RMB130,000,000 and statutory surplus reserve of RMB34,000,000, respectively, and issuing bonus shares amounting to RMB186,000,000. Bonus shares were allotted and issued to the shareholders of the Company on the basis of 18.6 bonus shares for every 10 shares held by the shareholders on the record date. The registered capital of the Company increased from RMB100,000,000 to RMB450,000,000, accordingly, upon completion of capitalisation of capital reserve and statutory surplus reserve and the issue of bonus shares.
- (b) On 26 December 2007, the Company completed the placement of 50,000,000 A shares of the Company. The gross proceeds received from the issue of the A shares amounted to RMB1,752,000,000. Part of the proceeds amounting to RMB50,000,000 was credited as issued share capital, and the remaining balance of the proceeds of RMB1,702,000,000 was credited to capital reserve. The registered capital of the Company increased from RMB450,000,000 to RMB500,000,000, accordingly, upon completion of the issue of the new shares.

II. NOTES TO FINANCIAL INFORMATION — continued

34. Issued Share Capital — continued

- (c) Pursuant to the resolution of the annual general meeting on 19 February 2008, the registered capital of the Company was increased by capitalising the capital reserve of RMB50,000,000 and issuing the bonus shares amounting to RMB450,000,000. Bonus shares were allotted and issued to the shareholders of the Company on the basis of 9 bonus shares for every 10 shares held by the shareholders on the record date. The registered capital of the Company increased from RMB500,000,000 to RMB1,000,000,000, accordingly, upon completion of capitalisation of capital reserve and the issue of bonus shares.
- (d) Pursuant to the resolution of the annual general meeting on 14 April 2009, bonus shares amounting to RMB400,000,000 were allotted and issued to the shareholders of the Company on the basis of 4 bonus shares for every 10 shares held by the shareholders on the record date. The registered capital of the Company increased from RMB1,000,000,000 to RMB1,400,000,000, accordingly, upon completion of the issue of bonus shares.
- (e) Pursuant to the resolution of the annual general meeting on 25 March 2010, bonus shares amounting to RMB840,000,000 were allotted and issued to the shareholders of the Company on the basis of 6 bonus shares for every 10 shares held by the shareholders on the record date. The registered capital of the Company increased from RMB1,400,000,000 to RMB2,240,000,000, accordingly, upon completion of the issue of bonus shares.

35. Reserves

(a) GROUP

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity for the Track Record Period in Section I (C) above.

(b) COMPANY

	Capital reserve	Statutory surplus reserve (note (ii))	Retained profits	Proposed dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2007	150,695	59,916	200,554	100,000	511,165
Profit for the year (note 11)	—	—	599,646	—	599,646
Final 2006 dividend declared	—	—	—	(100,000)	(100,000)
Profit appropriation to reserves	—	60,460	(60,460)	—	—
Capitalisation of reserves (note 34(a))	(130,000)	(34,000)	—	—	(164,000)
Issue of bonus shares (note 34(a))	—	—	(186,000)	—	(186,000)
Issue of new shares (note 34(b))	1,702,000	—	—	—	1,702,000
Share issue expenses	(7,336)	—	—	—	(7,336)
Transfer to capital reserve (note (i))	4,187	—	(4,187)	—	—
Proposed final 2007 dividend	—	—	(50,000)	50,000	—
At 31 December 2007 and 1 January 2008	1,719,546*	86,376*	499,553*	50,000	2,355,475
Profit for the year (note 11)	—	—	709,243	—	709,243
Final 2007 dividend declared	—	—	—	(50,000)	(50,000)
Profit appropriation to reserves	—	70,924	(70,924)	—	—
Capitalisation of reserves (note 34(c))	(50,000)	—	—	—	(50,000)
Issue of bonus shares (note 34(c))	—	—	(450,000)	—	(450,000)
Proposed final 2008 dividend	—	—	(280,000)	280,000	—

II. NOTES TO FINANCIAL INFORMATION — continued

35. Reserves — continued

	Capital reserve	Statutory surplus reserve (note (ii))	Retained profits	Proposed dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2008 and 1 January 2009	1,669,546*	157,300*	407,872*	280,000	2,514,718
Profit for the year (note 11)	—	—	1,093,390	—	1,093,390
Final 2008 dividend declared	—	—	—	(280,000)	(280,000)
Profit appropriation to reserves	—	109,663	(109,663)	—	—
Issue of bonus shares (note 34(d))	—	—	(400,000)	—	(400,000)
Share of reserves of an associate	569	453	4,079	—	5,101
Proposed final 2009 dividend	—	—	(140,000)	140,000	—
At 31 December 2009	<u>1,670,115*</u>	<u>267,416*</u>	<u>855,678*</u>	<u>140,000</u>	<u>2,933,209</u>
Profit for the period (note 11)	—	—	1,348,802	—	1,348,802
Final 2009 dividend declared	—	—	—	(140,000)	(140,000)
Issue of bonus shares (note 34(e))	—	—	(840,000)	—	(840,000)
Other comprehensive income	7,078	—	—	—	7,078
Proposed dividend	—	—	(784,000)	784,000	—
Dividend declared	—	—	—	(784,000)	(784,000)
At 30 June 2010	<u>1,677,193*</u>	<u>267,416*</u>	<u>580,480*</u>	<u>—</u>	<u>2,525,089</u>
As at 31 December 2008 and 1 January 2009 . .	1,669,546	157,300	407,872	280,000	2,514,718
Profit for the period (note 11) (unaudited)	—	—	427,528	—	427,528
Final 2008 dividend declared (unaudited)	—	—	—	(280,000)	(280,000)
Issue of bonus shares (unaudited)	—	—	(400,000)	—	(400,000)
Share of reserves of an associate (unaudited) . .	569	453	4,079	—	5,101
At 30 June 2009	<u>1,670,115</u>	<u>157,753</u>	<u>439,479</u>	<u>—</u>	<u>2,267,347</u>

Notes:

* As at 31 December 2007, 2008 and 2009 and 30 June 2010, these reserve accounts comprise the reserves of RMB2,305,475,000, RMB2,234,718,000 and RMB2,793,209,000 and RMB2,525,089,000, respectively, in the statements of financial position.

- (i) During the year ended 31 December 2007, certain of the Company's government grants amounting to RMB4,187,000, were credited to the capital reserve in the Company's financial statements prepared in accordance with the accounting principles generally accepted in the PRC and according to the instruction of the local government, the provider of these government grants, as a non-distributable reserve. In accordance with IAS 20, these government grants were recognised as income in the consolidated statements of comprehensive income, and then transferred to the capital reserve.
- (ii) Statutory surplus reserve is presented as part of the reserve funds in the consolidated statement of changes in equity. According to the relevant PRC regulations and the articles of association of the Company and its subsidiaries in the PRC, these subsidiaries are required to transfer 10% of their profit after income tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and its subsidiaries and is non-distributable other than in liquidation.

II. NOTES TO FINANCIAL INFORMATION — continued

36. Acquisition of Subsidiaries

(i) Vensys AG

In January 2008, one of the Company's subsidiaries, Goldwind Windenergy, entered into a share purchase agreement with Vensys/Innowind Beteiligungs-GmbH & Co. Kommanditgesellschaft ("Vensys/Innowind") and Saarwind Beteiligungs-Kommanditgesellschaft ("Saarwind"), two independent third parties, to acquire a total of 70% equity interests in Vensys AG (51.68% and 18.32% from Vensys/Innowind and Saarwind, respectively) at a cash consideration of EUR41,240,000 (equivalent to approximately RMB449,401,000) and a deferred consideration of EUR2,448,000 (equivalent to approximately RMB26,677,000). Vensys AG is engaged in the provision of technical services and manufacture and sale of wind power equipment and accessories. In the opinion of the Directors, the effective acquisition date was 30 April 2008 when Goldwind Windenergy took over the voting right over the operating and financial decision making of Vensys AG.

The fair values of the identifiable assets and liabilities of Vensys AG as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	Fair value recognised on acquisition	Previous carrying amount
		RMB'000	RMB'000
Property, plant and equipment	14	49,507	40,184
Other intangible assets	18	352,140	56,332
Inventories		40,203	40,203
Trade and bills receivables		37,996	37,996
Prepayments, deposits and other receivables		39,538	39,538
Cash and cash equivalents		105,412	105,412
Trade and bills payables		(24,655)	(24,655)
Other payables		(188,363)	(188,363)
Tax payable		(3,093)	(3,093)
Provision	32	(11,488)	(11,488)
Deferred tax liabilities	23	(100,133)	(8,594)
Non-controlling interests		(272)	(272)
		<u>296,792</u>	<u>83,200</u>
Non-controlling interests		(89,038)	
Goodwill on acquisition	17	<u>270,968</u>	
Total consideration		<u>478,722</u>	

The total cost of purchase consideration was EUR43,931,000 (equivalent to approximately RMB478,722,000) and comprised a cash consideration of EUR41,240,000 (equivalent to approximately RMB449,401,000) and a deferred consideration of EUR2,448,000 (equivalent to approximately RMB26,677,000) which is estimated based on the present value of royalty income of EUR9,000,000 (equivalent to approximately RMB98,075,000) minus related costs to be recognised by Vensys AG in the first five years after the conclusion of the license agreement with a specific independent third party, and costs directly attributable to the business combination amounting to RMB2,644,000.

II. NOTES TO FINANCIAL INFORMATION — continued

36. Acquisition of Subsidiaries — continued

(i) Vensys AG — continued

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Vensys AG is as follows:

	<u>RMB'000</u>
Cash consideration	449,401
Direct cost incurred	2,644
Cash and cash equivalents acquired	<u>(105,412)</u>
Net outflow of cash and cash equivalents in respect of the acquisition	<u>346,633</u>

(ii) Others

During the Track Record Period, in addition to the acquisition of Vensys AG above, certain equity interests in subsidiaries now or ever comprising the Group were acquired from third parties for the purpose of expanding business. Acquisitions of equity interests in these subsidiaries have been accounted for using the acquisition method of accounting effective from the dates when the subsidiaries were controlled by the Group. Details are as follows:

<u>Company name</u>	<u>Acquisition date</u>	<u>Percentage of interests acquired</u>	<u>Cash consideration</u>
Beijing Tianyuan	May 2007	70%	RMB26,600,000
Bayannur Fuhui	June 2007	51%	RMB51,000,000
Keshiketengqi Huifeng New Energy Co., Ltd. ("Keshiketengqi Huifeng") (克什克騰旗匯風新能源有限責任公司)	June 2008	51%	RMB56,100,000
Qianguo Fuhui	June 2009	51%	RMB5,100,000
Double Star	July 2009	100%	RMB6,125,000
Xingqiyuan	August 2009	56%	RMB7,000,000
Yichun Taiyangfeng	September 2009	66%	RMB49,500,000
TianRun Uilk	July 2009	75%	US\$1,500,000
Chifeng Huifeng	November 2009	51%	RMB32,640,000
Shuozhou Pinglu	June 2010	99%	RMB9,900,000

II. NOTES TO FINANCIAL INFORMATION — continued

36. Acquisition of Subsidiaries — continued

(ii) Others — continued

The fair values of the identifiable assets and liabilities of the above-mentioned other subsidiaries acquired as at the dates of acquisition approximate to the corresponding carrying values. Details are as follows:

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Property, plant and equipment, net	14	17,727	101,889	78,589	3,870	3,662
Available-for-sale investments		323	—	—	—	—
Prepaid land lease payments	16	—	2,923	—	—	—
Other intangible assets	18	19	—	—	—	—
Inventories		836	—	—	—	—
Trade receivables		4,096	20,786	—	—	—
Prepayments, deposits and other receivables		9,264	23,985	52,075	2,382	6,631
Cash and cash equivalents		99,709	72,739	100,836	5,383	11,461
Trade payables		(1,457)	(20,682)	(257)	—	(2,570)
Interest-bearing bank loans		(20,000)	—	—	—	—
Other payables		(11,540)	(91,640)	(57,277)	(1,635)	(9,184)
		98,977	110,000	173,966	10,000	10,000
Non-controlling interests		(21,393)	(53,900)	(69,610)	(4,900)	(100)
Goodwill on acquisitions	17	16	—	6,252	—	—
Satisfied by cash		<u>77,600</u>	<u>56,100</u>	<u>110,608</u>	<u>5,100</u>	<u>9,900</u>

An analysis of the net outflow/(inflow) of cash and cash equivalents in respect of the acquisitions of other subsidiaries is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash consideration paid	77,600	56,100	110,608	5,100	9,900
Cash and cash equivalents acquired	(99,709)	(72,739)	(100,836)	(5,383)	(11,461)
Net outflow/(inflow) of cash and cash equivalents in respect of the acquisitions	<u>(22,109)</u>	<u>(16,639)</u>	<u>9,772</u>	<u>(283)</u>	<u>(1,561)</u>

II. NOTES TO FINANCIAL INFORMATION — continued

36. Acquisition of Subsidiaries — continued

(iii) Acquirees' contributions

Contributions of Vensys AG and other acquirees to the Group's revenue and the Group's profit before tax for the periods between the dates of acquisition and the year end dates of the respective years are as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Contributions to:					
Group's revenue	43,179	132,324	—	—	—
Group's profit before tax	17,925	34,526	(3)	1	—

Had the acquisitions taken place at the beginning of the year of acquisitions, the revenue of the Group and the profit before tax of the Group would have been as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Group's revenue	3,104,773	6,506,485	10,666,505	3,783,116	6,264,982
Group's profit before tax	622,689	1,145,983	1,990,550	734,147	994,389

37. Disposals of Subsidiaries

- (i) On 15 May 2007, the Company dissolved one of its subsidiaries, Zhejiang Huayi Goldwind Wind Power Co., Ltd. (浙江華儀金風風電有限公司), and received a consideration in the form of cash of RMB2,170,000 and trade receivables of RMB2,392,000 resulting from the disposal of the assets of this subsidiary.
- (ii) On 16 November 2008, the Group disposed of its entire shareholding interest in Bayannur Wulate Zhongqi Fuhui Wind Energy Electricity Co., Ltd. (巴彥淖爾烏拉特中旗富匯風能電力有限公司) and Bayannur Wulate Houqi Fuhui Wind Energy Electricity Co., Ltd. (巴彥淖爾烏拉特後旗富匯風能電力有限公司) to an independent third party, for considerations in the form of cash of RMB233,000,000 and RMB209,460,000, respectively. These two companies were engaged in wind farm operation.
- (iii) On 31 March 2009, the Group disposed of its 48% shareholding interest in Keshiketengqi Huifeng to two independent third parties for a consideration in the form of cash of RMB90,365,000. Keshiketengqi Huifeng was engaged in wind farm operation.
- (iv) On 30 November 2009, the Group disposed of its 51% shareholding interest in Tacheng Tianrun Wind Power Co., Ltd. (塔城天潤風力發電有限公司) to an independent third party for a consideration in the form of cash of RMB86,300,000. Tacheng Tianrun Wind Power Co., Ltd. is engaged in wind farm operation.

II. NOTES TO FINANCIAL INFORMATION — continued

37. Disposals of Subsidiaries — continued

The net assets of the subsidiaries disposed of during the Track Record Period and six-month period ended 30 June 2009 were as follows:

	Notes	Year ended 31 December			Six-month period ended 30 June
		2007	2008	2009	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Net assets disposed of:					
Property, plant and equipment, net	14	336	654,804	540,307	292,423
Deferred tax assets	23	—	719	419	383
Prepaid land lease payments	16	—	4,460	5,325	2,447
Other intangible assets	18	—	—	380	380
Other non-current assets		—	2,343	512	297
Cash and cash equivalents		6,309	2,934	32,753	15,876
Trade receivables		2,713	46,388	55,663	24,389
Prepayments, deposits and other receivables		245	7,819	14,251	14,206
Trade payables		—	(481,749)	(12,314)	(10,266)
Other payables		—	(50,407)	(12,126)	(24,279)
Tax payable		—	(7,983)	30,704	(6,066)
Interest-bearing bank loans		—	—	(533,000)	(250,000)
Non-controlling interests		(4,706)	—	(132,724)	(53,900)
		4,897	179,328	(9,850)	5,890
Net assets not disposed of and remained as interest in a jointly-controlled entity					
		—	—	(3,300)	(3,300)
Gain/(loss) on disposals of subsidiaries	6	(335)	263,132	189,815	82,323
Total consideration		4,562	442,460	176,665	84,913
Satisfied by cash		2,170	442,460	176,665	84,913
Satisfied by trade receivables		2,392	—	—	—
		4,562	442,460	176,665	84,913

II. NOTES TO FINANCIAL INFORMATION — continued

37. Disposals of Subsidiaries — continued

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposals of subsidiaries is as follows:

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Cash consideration	2,170	442,460	176,665	84,913
(Cash consideration receivable at year/period end)/settlement of prior year's unsettled receivable, net	—	(186,000)	160,922	130,367
Cash and cash equivalents disposed of	<u>(6,309)</u>	<u>(2,934)</u>	<u>(32,753)</u>	<u>(15,876)</u>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposals.	<u>(4,139)</u>	<u>253,526</u>	<u>304,834</u>	<u>199,404</u>

38. Derecognition of A Subsidiary

As set out in note 1 (xvi) of Section II, the Group lost control of Qianguo Fuhui during the six-month period ended 30 June 2010 with the following impact on financial information during the six-month period ended 30 June 2010:

	Notes	Six-month period ended 30 June
		2010 RMB'000
Net assets derecognised of:		
Property, plant and equipment, net	14	290,378
Trade receivables		6,649
Prepayments, deposits and other receivables		70,564
Cash and cash equivalents		1,087
Trade payables		(26,705)
Interest-bearing bank loans		(338,000)
Other payables		(23,395)
Non-controlling interests		<u>(19,523)</u>
		(38,945)
Unrealised profit accounted for as deferred income (note 33)		9,905
Gain on derecognition of a subsidiary	6	<u>29,040</u>
		—
Outflow of cash and cash equivalents in respect of the derecognition of a subsidiary		<u>1,087</u>

II. NOTES TO FINANCIAL INFORMATION — continued

39. Contingent Liabilities

At 31 December 2007, 2008 and 2009 and 30 June 2010, contingent liabilities not provided for in this report were as follows:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Letters of credit issued	65,468	176,054	176,507	251,709
Letters of guarantee issued	971,559	2,365,053	3,645,669	4,299,709
Guarantee given to a bank in connection with a bank loan granted to a third party	—	—	21,000	21,000
	<u>1,037,027</u>	<u>2,541,107</u>	<u>3,843,176</u>	<u>4,572,418</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Letters of credit issued	65,468	176,054	170,869	234,735
Letters of guarantee issued	971,559	2,365,053	3,597,286	3,946,531
Guarantee given to a bank in connection with a bank loan granted to a third party	—	—	21,000	21,000
	<u>1,037,027</u>	<u>2,541,107</u>	<u>3,789,155</u>	<u>4,202,266</u>

The fair value of the guarantee is not significant and therefore the Directors are of the view that no provision for financial guarantee should be made.

40. Operating Lease Arrangements

(a) *As lessor*

The Group leases its investment properties (note 15) and certain equipment under operating lease arrangements, with leases negotiated for terms ranging from one to five years. At 31 December 2007, 2008 and 2009 and 30 June 2010, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Within one year	7,500	17,629	14,522	15,855
In the second to fifth years, inclusive	26,875	48,098	30,726	24,849
	<u>34,375</u>	<u>65,727</u>	<u>45,248</u>	<u>40,704</u>

II. NOTES TO FINANCIAL INFORMATION — continued

40. Operating Lease Arrangements — continued

(a) *As lessor — continued*

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Within one year	7,500	15,000	14,100	14,100
In the second to fifth years, inclusive	26,875	47,500	30,550	23,500
	<u>34,375</u>	<u>62,500</u>	<u>44,650</u>	<u>37,600</u>

(b) *As lessee*

At 31 December 2007, 2008 and 2009 and 30 June 2010, the Group and the Company had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Within one year	160	2,174	5,990	12,526
In the second to fifth years, inclusive	35	4,315	5,862	10,567
Beyond five years	—	—	—	4,991
	<u>195</u>	<u>6,489</u>	<u>11,852</u>	<u>28,084</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Within one year	160	10	—	—
In the second to fifth years, inclusive	35	25	—	—
	<u>195</u>	<u>35</u>	<u>—</u>	<u>—</u>

II. NOTES TO FINANCIAL INFORMATION — continued

41. Commitments

In addition to the operating lease commitments detailed in note 40(b) above, the Group and the Company had the following capital commitments at 31 December 2007, 2008 and 2009 and 30 June 2010:

Group

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Contracted, but not provided for:				
Property, plant and equipment and land use rights	976,804	514,329	609,041	1,349,512
Authorised, but not contracted for:				
Property, plant and equipment and land use rights	1,186,113	268,939	397,833	517,004
Equity investments	—	34,000	—	—
	<u>2,162,917</u>	<u>817,268</u>	<u>1,006,874</u>	<u>1,866,516</u>

Company

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Contracted, but not provided for:				
Property, plant and equipment and land use rights	12,565	8,949	4,251	7,246
Authorised, but not contracted for:				
Property, plant and equipment and land use rights	371,903	37,072	—	34,000
Equity investments	331,790	197,044	—	170,205
	<u>716,258</u>	<u>243,065</u>	<u>4,251</u>	<u>211,451</u>

42. Related Party Transactions

- (a) The Group had the following significant transactions with related parties during the Track Record Period:

Continuing transaction:

- (i) In 2009, the Group sold wind turbine generators to Xinjiang Wind Power, amounting to approximately RMB124,256,000.
- (ii) During the six-month period ended 30 June 2010, the Group sold wind turbine generators to Jilin Tongli, a jointly-controlled entity of the Group, amounting to approximately RMB189,749,000.
- (iii) In 2009 and the six-month period ended 30 June 2010, the Group purchased spare parts and processing services from one of its associates, Hebei Goldwind, amounting to approximately RMB24,763,000 and RMB10,267,000, respectively.

II. NOTES TO FINANCIAL INFORMATION — continued

42. Related Party Transactions — continued

Non-continuing transaction:

In May and July 2009, the Company disposed of eleven experimental wind turbine generators to Xinjiang Wind Power, the 18%-owned shareholder of the Company, for a consideration of approximately RMB42,511,000.

In the opinion of the Directors, the transactions between the Group and the related parties were based on prices mutually agreed between the parties after taking into account the market prices.

In the opinion of the Directors, the above related party transactions were conducted in the ordinary course of business.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 25, 26, 28 and 29 of Section II above.

(c) Compensation of key management personnel of the Group

Save as disclosed in note 9 of Section II above, no remuneration has been paid or is payable in respect of any of the Track Record Period and the six-month ended 30 June 2009 referred to in this report by the Company or any of the companies now comprising the Group, to the Directors.

	Year ended 31 December			Six-month period ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term employee benefits	29,544	27,968	28,950	4,735	6,387
Pension scheme contributions	162	396	418	203	203
	<u>29,706</u>	<u>28,364</u>	<u>29,368</u>	<u>4,938</u>	<u>6,590</u>

43. Financial Instruments By Category

The carrying amounts of each of the categories of financial instruments as at 31 December 2007, 2008 and 2009 and 30 June 2010 are as follows:

GROUP

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss:				
Derivative financial instruments	<u>—</u>	<u>—</u>	<u>4,667</u>	<u>—</u>

II. NOTES TO FINANCIAL INFORMATION — continued

43. Financial Instruments By Category — continued

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
Loans and receivables:				
Trade and bills receivables	764,066	2,619,021	2,919,607	5,487,004
Financial assets included in prepayments, deposits and other receivables	17,944	274,996	87,248	125,440
Other long-term assets	—	2,021	—	17,849
Pledged deposits	—	—	218,538	145,967
Cash and cash equivalents	2,679,663	3,286,400	4,458,950	1,709,374
	<u>3,461,673</u>	<u>6,182,438</u>	<u>7,684,343</u>	<u>7,485,634</u>
Available-for-sale financial assets:				
Available-for-sale investments	4,171	26,171	9,000	9,200
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	—	2,279	10,746	2,798
Financial liabilities at amortised cost:				
Trade and bills payables	934,525	2,544,530	3,760,207	5,420,413
Financial liabilities included in other payables	4,324	121,109	95,749	117,235
Interest-bearing bank and other borrowings	623,000	1,331,675	2,624,013	2,922,223
Other long-term liabilities	—	23,646	23,984	27,692
	<u>1,561,849</u>	<u>4,020,960</u>	<u>6,503,953</u>	<u>8,487,563</u>

COMPANY

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss:				
Derivative financial instruments	—	—	4,667	—
Loans and receivables:				
Trade and bills receivables	755,751	2,240,838	2,285,100	4,947,981
Financial assets included in prepayments, deposits and other receivables	145,707	132,511	328,671	401,056
Pledged deposits	—	—	218,538	145,967
Cash and cash equivalents	2,573,341	1,643,067	2,215,797	741,915
	<u>3,474,799</u>	<u>4,016,416</u>	<u>5,048,106</u>	<u>6,236,919</u>
Available-for-sale financial assets:				
Available-for-sale investments	3,171	25,171	8,000	8,000

II. NOTES TO FINANCIAL INFORMATION — continued

43. Financial Instruments By Category — continued

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	2010
				RMB'000
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	—	2,279	10,746	2,798
Financial liabilities at amortised cost:				
Trade and bills payables	929,308	1,692,819	2,266,854	3,812,030
Financial liabilities included in other payables	3,741	236,166	7,937	37,347
Interest-bearing bank loans	605,000	165,000	259,492	264,646
	<u>1,538,049</u>	<u>2,093,985</u>	<u>2,534,283</u>	<u>4,114,023</u>

44. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank loans, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. The Group's accounting policies in relation to derivative financial instruments are set out in note 3.2 of Section II above.

(a) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank loans and short-term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

If there would be a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have decreased/increased by approximately RMB1,530,000, RMB12,943,000 and RMB23,643,000 and RMB24,490,000 for the three years ended 31 December 2007, 2008 and 2009 and six-month period ended 30 June 2010, respectively, and there is no impact on other components of the consolidated equity, except for retained profits, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of

II. NOTES TO FINANCIAL INFORMATION — continued

44. Financial Risk Management Objectives and Policies — continued

(a) Fair value and cash flow interest rate risks — continued

each reporting period and the Group has applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

(b) Foreign currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents, receivables, payables and bank loans that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the Euro and United States dollar.

The Group's and the Company's exposures to foreign currencies as at 31 December 2007, 2008 and 2009 and 30 June 2010 are as follows:

GROUP

	As at 31 December						As at 30 June	
	2007		2008		2009		2010	
	Euro RMB'000	United States dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Euro RMB'000	United States dollar RMB'000
Trade receivables	—	—	—	37,117	—	5,058	—	5,031
Prepayments, deposits and other receivables	—	—	2,074	—	2,926	—	—	—
Cash and cash equivalents	80	430	25	10,479	1	13,935	3	20,206
Trade payables	—	—	(6,152)	—	(3,804)	—	(3,416)	(7)
Other payables	—	—	—	(149)	—	—	—	—
Interest-bearing bank loans	—	—	—	—	(183,227)	(178,205)	—	(144,646)
	<u>80</u>	<u>430</u>	<u>(4,053)</u>	<u>47,447</u>	<u>(184,104)</u>	<u>(159,212)</u>	<u>(3,413)</u>	<u>(119,416)</u>

COMPANY

	As at 31 December						As at 30 June	
	2007		2008		2009		2010	
	Euro RMB'000	United States dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Euro RMB'000	United States dollar RMB'000
Trade receivables	—	—	—	37,117	—	5,058	—	5,031
Cash and cash equivalents	80	430	25	88	1	4,415	3	67
Trade payables	—	—	(6,152)	—	—	—	(3,246)	(7)
Interest-bearing bank loans	—	—	—	—	(183,227)	(178,205)	—	(144,646)
	<u>80</u>	<u>430</u>	<u>(6,127)</u>	<u>37,205</u>	<u>(183,226)</u>	<u>(168,732)</u>	<u>(3,243)</u>	<u>(139,555)</u>

II. NOTES TO FINANCIAL INFORMATION — continued

44. Financial Risk Management Objectives and Policies — continued

(b) Foreign currency risk — continued

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates by 10%, with all other variables held constant, of the Group's profit before tax and the Group's and the Company's equity.

Effect on increase/(decrease) of the Group's pre-tax profit

	Year ended 31 December			Six-month period ended 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
If RMB weakens against Euro	8	(405)	(18,410)	(341)
If RMB strengthens against Euro	(8)	405	18,410	341
If RMB weakens against United States dollar	43	4,745	(15,921)	(11,942)
If RMB strengthens against United States dollar	(43)	(4,745)	15,921	11,942

Effect on increase/(decrease) of the Group's equity

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
If RMB weakens against Euro	8	(365)	(15,662)	(290)
If RMB strengthens against Euro	(8)	365	15,662	290
If RMB weakens against United States dollar	43	4,271	(13,676)	(10,352)
If RMB strengthens against United States dollar	(43)	(4,271)	13,676	10,352

Effect on increase/(decrease) of the Company's equity

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
If RMB weakens against Euro	8	(521)	(15,574)	(276)
If RMB strengthens against Euro	(8)	521	15,574	276
If RMB weakens against United States dollar	43	3,162	(14,342)	(11,862)
If RMB strengthens against United States dollar	(43)	(3,162)	14,342	11,862

The sensitivity analysis above has been determined assuming that the change in foreign currency rates had occurred at 31 December 2007, 2008 and 2009 and 30 June 2010 and the Group had applied the exposure to foreign currency risk to those monetary assets and liabilities and net investment operations in existence at those dates. The estimated ten percent increase or decrease represents management's assessment of a reasonably possible change in foreign currency rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the entire Track Record Period.

(c) Credit risk

The Group trades only with recognised and creditworthy parties. The Group has a credit policy in place which requires credit evaluations on all customers who wish to trade on credit terms. Receivable balances are monitored on

II. NOTES TO FINANCIAL INFORMATION — continued

44. Financial Risk Management Objectives and Policies — continued

(c) *Credit risk — continued*

an ongoing basis. In most instances, advance payments are required for customers of wind turbine generators. Otherwise, the credit quality of customers is assessed after taking into account the Group's financial position and past experience with the customers.

The Group establishes an allowance for impairment that represents its estimate of losses to be incurred in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the impaired financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Management evaluates the creditworthiness of the Group's existing and prospective customers and ensures that the customers have adequate financing for the projects as well as the source of the financing.

The maximum exposure to credit risk is represented by the total carrying amount of financial assets in the statements of financial position.

Cash and bank balances are placed with banks and financial institutions which are regulated.

(d) *Liquidity risk*

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities with several banks of up to an amount of RMB15,748,000,000 as at 30 June 2010, of which an amount of approximately RMB8,811,000,000 has been utilised.

The maturity profile of the Group's and the Company's financial liabilities as at the dates of the statements of financial position, based on the contractual undiscounted payments, is as follows:

GROUP

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2007					
Interest-bearing bank loans	470,000	55,000	98,000	—	623,000
Interest payments on bank loans	15,984	7,903	7,947	—	31,834
Trade and bills payables	934,525	—	—	—	934,525
Financial liabilities included in other payables . .	4,324	—	—	—	4,324
	<u>1,424,833</u>	<u>62,903</u>	<u>105,947</u>	<u>—</u>	<u>1,593,683</u>

II. NOTES TO FINANCIAL INFORMATION — continued

44. Financial Risk Management Objectives and Policies — continued

(d) Liquidity risk — continued

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2008					
Interest-bearing bank and other borrowings	50,000	114,793	544,953	621,929	1,331,675
Interest payments on bank and other borrowings	85,537	69,030	86,063	60,688	301,318
Trade and bills payables	2,544,530	—	—	—	2,544,530
Derivative financial instruments	2,279	—	—	—	2,279
Financial liabilities included in other payables . .	121,109	—	—	—	121,109
Other long-term liabilities	—	—	23,646	—	23,646
	<u>2,803,455</u>	<u>183,823</u>	<u>654,662</u>	<u>682,617</u>	<u>4,324,557</u>
31 December 2009					
Interest-bearing bank and other borrowings	601,892	457,637	418,946	1,145,538	2,624,013
Interest payments on bank and other borrowings	115,748	96,554	239,674	243,563	695,539
Trade and bills payables	3,760,207	—	—	—	3,760,207
Derivative financial instruments	10,746	—	—	—	10,746
Financial liabilities included in other payables . .	95,749	—	—	—	95,749
Other long-term liabilities	—	—	23,984	—	23,984
	<u>4,584,342</u>	<u>554,191</u>	<u>682,604</u>	<u>1,389,101</u>	<u>7,210,238</u>
30 June 2010					
Interest-bearing bank and other borrowings	881,813	114,073	390,925	1,535,412	2,922,223
Interest payments on bank and other borrowings	111,740	94,134	243,198	298,075	747,147
Trade and bills payables	5,420,413	—	—	—	5,420,413
Derivative financial instruments	2,798	—	—	—	2,798
Financial liabilities included in other payables . .	117,235	—	—	—	117,235
Other long-term liabilities	—	—	27,692	—	27,692
	<u>6,533,999</u>	<u>208,207</u>	<u>661,815</u>	<u>1,833,487</u>	<u>9,237,508</u>

COMPANY

	Within 1 year	1 to 2 years	2 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2007				
Interest-bearing bank loans	470,000	50,000	85,000	605,000
Interest payments on bank loans	14,701	6,762	6,308	27,771
Trade and bills payables	929,308	—	—	929,308
Financial liabilities included in other payables	3,741	—	—	3,741
	<u>1,417,750</u>	<u>56,762</u>	<u>91,308</u>	<u>1,565,820</u>

II. NOTES TO FINANCIAL INFORMATION — continued

44. Financial Risk Management Objectives and Policies — continued

(d) *Liquidity risk — continued*

	<u>Within 1 year</u> RMB'000	<u>1 to 2 years</u> RMB'000	<u>2 to 5 years</u> RMB'000	<u>Total</u> RMB'000
31 December 2008				
Interest-bearing bank loans	50,000	65,000	50,000	165,000
Interest payments on bank loans	8,432	5,891	1,935	16,258
Trade and bills payables	1,692,819	—	—	1,692,819
Derivative financial instruments	2,279	—	—	2,279
Financial liabilities included in other payables	<u>236,166</u>	<u>—</u>	<u>—</u>	<u>236,166</u>
	<u>1,989,696</u>	<u>70,891</u>	<u>51,935</u>	<u>2,112,522</u>
31 December 2009				
Interest-bearing bank loans	259,492	—	—	259,492
Interest payments on bank loans	3,637	—	—	3,637
Trade and bills payables	2,266,854	—	—	2,266,854
Derivative financial instruments	10,746	—	—	10,746
Financial liabilities included in other payables	<u>7,937</u>	<u>—</u>	<u>—</u>	<u>7,937</u>
	<u>2,548,666</u>	<u>—</u>	<u>—</u>	<u>2,548,666</u>
30 June 2010				
Interest-bearing bank loans	264,646	—	—	264,646
Interest payments on bank loans	1,754	—	—	1,754
Trade and bills payables	3,812,030	—	—	3,812,030
Derivative financial instruments	2,798	—	—	2,798
Financial liabilities included in other payables	<u>37,347</u>	<u>—</u>	<u>—</u>	<u>37,347</u>
	<u>4,118,575</u>	<u>—</u>	<u>—</u>	<u>4,118,575</u>

(e) *Capital management*

The Group's primary objective for managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade and bills payables, other payables, interest-bearing bank and other borrowings and other long-term liabilities, less cash and cash equivalents and pledged deposits. Capital represents the equity attributable to owners of the Company stated in the consolidated statements of financial position.

II. NOTES TO FINANCIAL INFORMATION — continued

44. Financial Risk Management Objectives and Policies — continued

(e) Capital management — continued

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios at the end of each reporting period financial position are as follows:

	As at 31 December			As at
	2007	2008	2009	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables (note 28)	934,525	2,544,530	3,760,207	5,420,413
Other payables (note 29)	862,104	2,671,398	2,055,786	909,479
Interest-bearing bank and other borrowings (note 31) . .	623,000	1,331,675	2,624,013	2,922,223
Other long-term liabilities	—	23,646	23,984	27,692
Less: Cash and cash equivalents (note 27)	(2,679,663)	(3,286,400)	(4,458,950)	(1,709,374)
Pledged deposits (note 27)	—	—	(218,538)	(145,967)
Net debt	(260,034)	3,284,849	3,786,502	7,424,466
Equity attributable to owners of the Company	2,883,252	3,722,484	5,201,057	5,009,433
Capital and net debt	2,623,218	7,007,333	8,987,559	12,433,899
Gearing ratio	(9.91)%	46.88%	42.13%	59.71%

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group and the Company in respect of any period subsequent to 30 June 2010. Save as disclosed in this report, no dividend has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2010.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong