新疆金风科技股份有限公司
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.*

(A joint stock limited liability company incorporated in the People's Republic of China)
Stock Code: 2208

Innovating for a Brighter Tomorrow

Annual Report 2010

* For identification purpose only

Contents

Chairman's Statement

WU GANG
CHAIRMAN

To Our Shareholders:

On behalf of the Board of Directors, I present to you the 2010 Annual Report of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company" or "Goldwind", together with its subsidiaries, the "Group").

Due to strong support from our stakeholders and outstanding efforts from all of our employees, the Company has once again reached new heights in 2010. This year, Goldwind prioritized product quality, technical services, and cost control, and focused on a customer-orientated strategy to achieve sustainable development. As a result, the Company has achieved outstanding results, and has been widely recognized and applauded amongst our employees as well as within the wind power industry. In fact, the Company's development and market share are highly dependent on the quality and reliability of our products during their 20-25 year life cycle, whether we can reduce risk, and increase value for our customers. Goldwind has and will continue to develop and innovate, improve the standard of service, and aim to become one of the best in the global market.

In 2010, the Chinese wind power industry continued to experience rapid growth. China's newly installed wind power capacity was 18.93GW in 2010, representing an increase of 37.10% from 2009. China also commenced commercial development of its offshore wind power resources. The market also saw an increase in competition, and a significant decrease in the average selling price ("ASP") of wind turbine generators ("WTGs").

Despite the difficult industry conditions, the Company successfully accomplished its business targets for 2010, including sales of 4,006.75MW of WTGs, revenues of RMB17.475 billion, and net profit attributable to owners of the Group of RMB2.29 billion. Those figures represent an increase relative to 2009 of 96.84%, 63.83%, and 31.16% respectively. Our 1.5MW direct-drive permanent magnet ("DDPM") WTGs and 2.5MW offshore DDPM WTGs have been well received by the market. Our WTGs have achieved an availability rate of over 98% and successfully passed the Low-Voltage-Ride-Through test. We have also commenced commercial production of specialized 1.5MW WTGs designed for low wind speed, high altitude, coastal areas, and low temperature conditions, as well as the 2.5MW offshore WTGs. This has significantly increased our product range and our competitive advantage in the market.

We have an outstanding performance track record for several thousand of our DDPM WTGs that are currently in operation. Due to our innovative technology, high product quality, and efforts to enhance customer value, Goldwind won more order bids from public tenders than all of its peers in 2010. We are also the leading comprehensive wind power solutions provider in China. Thanks to our integrated business model, we are able to add value for our customers while improving our profitability.

The Xi'an and Dafeng production bases officially began operations in 2010, significantly improving our production and services capabilities. We have also sought to continually improve our WTG energy management platform and other wind energy management technologies. Thanks to these efforts, Goldwind continues to demonstrate market leadership through performance, quality and reliability.

In October 2010, the Company was successfully listed on the Hong Kong Stock Exchange, and was well received in the global market during the IPO, providing a solid foundation for the Company's ongoing internationalization strategy. In 2010, our global sales teams also made significant progress, including in the US, Australia, and Africa.

Looking ahead to 2011, we believe the global wind power industry will experience positive changes. The effects of the recent financial crisis are receding, and the global wind power industry is on the road to recovery. The Chinese wind power industry also has great potential for further development. Although market competition continues to increase, however government and industry regulators have introduced various policies creating higher barriers to entry and higher quality and technological standards, which will be beneficial to the future development of Goldwind.

Goldwind encourages all employees to set aside our past achievements and establish new goals. Beginning in 2011 and throughout the next five years, we will seek to greatly expand our international operations and sales. We understand that the wind power industry is a relatively young industry, with only 40 years of history. However, we view the development of the industry and our Company more like a marathon than a sprint. Skill and stamina are essential to our success. Drawing from our experience and success in the Chinese wind power industry, we will strive to break into the top three in the international market within the next five years.

The Company will continue to invest in technological innovation and product development, further improve the efficiency of our management and production processes, increase the in-house production ratio, reduce costs, and strive to make 2011 an even bigger success.

The Company will also emphasize the implementation of corporate social responsibilities, encourage a healthy lifestyle for our employees, provide support to the local community, act in accordance with all laws and regulations, and seek to preserve clean air and natural resources for the future.

Finally, on behalf of the Board, I would like to thank our shareholders and business partners for their continued support in the last year, and express my sincere gratitude to all our employees for their hard work and achievements.

Yours Sincerely,
Wu Gang
Chairman
Xinjiang Goldwind Science & Technology Co., Ltd.

Company Profile

Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company" or "Goldwind") (A Share code: 002202; H Share code: 2208) was established in Urumqi City, Xinjiang Uyghur Autonomous Region, the People's Republic of China (the "PRC" or "China") in 1998, became a joint-stock limited liability company in 2001, was successfully listed on the Shenzhen Stock Exchange in December 2007, and was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited in October 2010. The Company has a total of 2,694,588,000 issued shares, of which A Shares and H Shares account for 2,194,541,200 and 500,046,800, respectively.

The Company is one of the earliest manufacturers in the wind power industry of the PRC. The core group of technical and management personnel in the Company has more than 20 years of experience in this industry. Goldwind has established an independent research and development (R&D) system, is a leading manufacturer of WTGs and a provider of comprehensive wind power solutions in China, demonstrating a thorough knowledge of the complete wind power industry value chain. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the following business segments: (1) WTG R&D, manufacturing, and sales; (2) wind power services; and (3) wind farm investment, development and sales. Drawing from our extensive experience in the design and manufacture of WTGs and wind farm development, the Company is not only able to provide customers with high quality WTGs, but also comprehensive wind power services and wind farm development solutions, allowing us to meet the customers' needs in multiple segments of the wind power industry value chain.

Goldwind's main products are the 1.5MW and 2.5MW WTGs. We also currently have over 4,000 MW-level WTGs operating under diverse environmental conditions in 20 different provinces in China. The longest serving WTGs have experienced over six years of operation. The Company has also developed several specialized WTG series, which are efficiently adapted to China's diverse environmental conditions, including low and high temperatures, high altitude, low wind velocity and offshore. The Company launched the newly-developed 2.5MW WTG in 2010 and the 6.0MW WTG is currently under development. All of the aforementioned products utilize the DDPM technology rather than a traditional gearbox. DDPM holds four significant advantages over traditional WTG technologies: high efficiency, high reliability, superior grid connectivity, and low spare parts and consumable materials requirements. After years of testing and analysis, the advantages of DDPM technology have been widely recognized by the market.

The Company's performance has maintained a sustained and stable growth trend for many years. The accumulated installed capacity of WTGs manufactured by Goldwind reached 9,095.05MW and 8,278 WTG units by the end of 2010. In 2010, Goldwind's newly installed capacity and accumulated installed capacity ranked second in the PRC, and the newly installed capacity ranked fourth internationally.

Goldwind seeks to advance our position in WTG R&D, manufacturing and sales, to continue to be a leading provider of complete wind power solutions, to expand our business globally, to create maximum customer value, and to maximize returns for the shareholders of the Company.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Wu Gang (Chairman)
Mr. Guo Jian
Mr. Wei Hongliang

Non-executive Directors
Mr. Li Ying (Vice Chairman)
Mr. Gao Zhong
Mr. Lv Houjun

Independent Non-executive Directors
Mr. Wang Yousan
Mr. Shi Pengfei
Mr. Li Man Bun, Brian David

SUPERVISORS

Mr. Wang Mengqiu (President of Committee)
Mr. Wang Shiwei
Mr. Luo Jun
Mr. Zheng Chengjiang
Mr. Xiao Zhiping

COMPANY SECRETARY

Ms. Ma Jinru

AUTHORIZED REPRESENTATIVES

Mr. Wei Hongliang
Ms. Ma Jinru

AUDIT COMMITTEE

Mr. Wang Yousan
Mr. Li Man Bun, Brian David
Mr. Gao Zhong

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Shi Pengfei
Mr. Wang Yousan
Mr. Li Ying

NOMINATION COMMITTEE

Mr. Wang Yousan
Mr. Shi Pengfei
Mr. Wu Gang

STRATEGY COMMITTEE

Mr. Wu Gang
Mr. Guo Jian
Mr. Wei Hongliang
Mr. Shi Pengfei
Mr. Gao Zhong

PLACE OF BUSINESS

In the PRC
No. 107
Shanghai Road
Economic & Technology Development District
Urumqi, Xinjiang
PRC

In Hong Kong
Edinburgh Tower, 33/F
The Landmark
15 Queen's Road, Central
Hong Kong

LEGAL COUNSEL

Morrison & Foerster

AUDITORS

Ernst & Young

COMPLIANCE ADVISER

Haitong International Capital Limited

LISTING PLACES

H Shares: The Stock Exchange of Hong Kong Limited
Stock name: Goldwind
Stock code: 2208

A Shares: Shenzhen Stock Exchange
Stock name: Goldwind
Stock code: 002202

SHARE REGISTRARS

H Shares:
ComputerShare Hong Kong Investor Services Limited

A Shares:
China Securities Depository and Clearing Corporation Limited, Shenzhen Branch

PRINCIPAL BANKERS

China Construction Bank Corporation
China Development Bank
Bank of China Limited, Xinjiang Branch
Citibank (China) Co., Ltd., Beijing Branch
Deutsche Bank (China) Co., Ltd., Beijing Branch
Bank of Communications Co., Ltd., Xinjiang Branch

COMPANY WEBSITE

www.goldwind.cn

Financial Highlights

(Except share data, all amounts in RMB thousands)

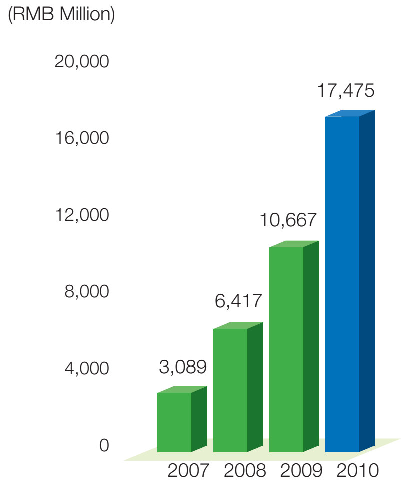
SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2010	2009	Change (%)
REVENUE	**17,475,172**	10,666,505	63.83
PROFIT BEFORE TAX	**2,799,715**	1,990,558	40.65
Income tax expense	**(415,878)**	(199,955)	107.99
PROFIT FOR THE YEAR	**2,383,837**	1,790,603	33.13
Profit attributable to:			
Owners of the Company	**2,289,520**	1,745,580	31.16
Non-controlling interests	**94,317**	45,023	109.49
OTHER COMPREHENSIVE INCOME	**(27,475)**	7,892	(448.14)
TOTAL COMPREHENSIVE INCOME	**2,356,362**	1,798,495	31.02
EARNINGS PER SHARE:			
Basic and diluted (RMB/Share)	**0.99**	0.78	26.92

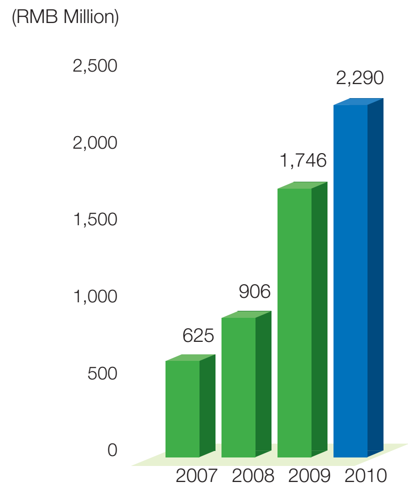
SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2010	2009	Change (%)
Total assets	**28,397,616**	14,882,945	90.81
Total liabilities	**(14,766,716)**	(9,355,688)	57.84
NET ASSETS	**13,630,900**	5,527,257	146.61
Equity attributable to owners of the Company	**13,288,988**	5,201,057	155.51
Non-controlling interests	**341,912**	326,200	4.82

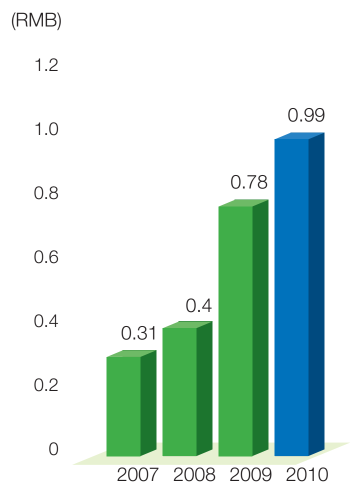
Sales



Profit attributable to owners of the Company



Earnings per share attributable to ordinary equity holders of the Company



Business Milestones in 2010

JANUARY

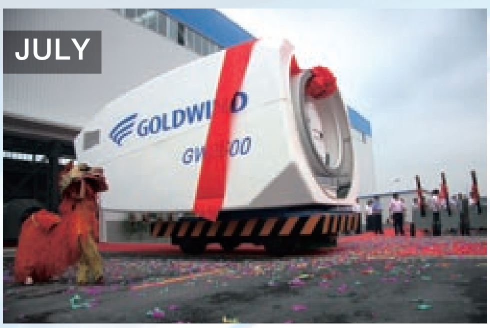
- The Company connected three 1.5MW DDPM WTGs to the grid at Uilk Wind Farm in Minnesota, USA.

MARCH

- The first intertidal-zone 2.5MW DDPM WTGs successfully installed in Xiangshui Wind Farm, Jiangsu Province.

MAY

- The Company and China Development Bank (CDB) signed a strategic cooperation agreement, including a credit line of US$6 billion. CDB's agreement has supported the Company's expansion into international markets.



JULY

- The first phase of Dafeng Offshore Wind Power Industrial Base formally began production.
- The Xi'an base, Shanxi Province formally began production.

AUGUST

- 1.5MW DDPM WTG series successfully passed the Low-Voltage-Ride-Through test administered by China Electric Power Research Institute.
- The Company started the R&D of 6MW DDPM WTGs based on existing 5MW designs.

OCTOBER

- The Company was publicly listed on the Main Board of Hong Kong Stock Exchange (Stock code: 2208).

NOVEMBER

- The Company signed an agreement with Infineon Technologies AG to introduce core module technology to us.

DECEMBER

- Goldwind's wholly-owned Shady Oaks Wind Farm won the bidding for the power supply agreement in the state of Illinois, USA.
- The Company agreed to acquire two blade development companies, namely Xiexin Wind Power (Jiangsu) Co., Ltd. and Xiexin Wind Power (Xilinhaote) Co., Ltd.
- The Company successfully bid for 1,300MW of the Zhangbei, Hebei, and Hami, Xinjiang, 3,300MW projects.

Management Discussion and Analysis

I. INDUSTRY REVIEW

Energy is the fundamental building block of our economy and society. The global energy consumption has dramatically increased in recent times, with the use of coal, oil, natural gas and other fossil fuels reaching an alarming rate. As a result, the ecological environment is deteriorating, especially the worsening effects of global warming caused by the release of greenhouse gases, posing a serious threat to the sustainable development of our society. Therefore, increasing the supply of energy, improving energy safety, protecting the environment, and promoting the sustainable development of our economy and society should be the top priority for the international community.

As the global economy enters the stage of recovery over the last year, the demand for energy also experienced further growth. Considering the price volatility of oil, coal, natural gas and other non-renewable energy sources, and the recent concerns regarding the safety of nuclear power, the development of global clean energy has become the center of attention once again.

Wind power is a renewable energy with the advantages of distributed generation, economies of scale, and relatively competitive operating cost. It can have a profound effect on the subject of safety, independence, and the unlimited nature of the supply source. Wind power is a source of clean energy that is truly safe, and satisfies the zero emissions characteristic.

i. Global Wind Power Industry

According to the statistics from the Global Wind Energy Committee (GWEC), the global accumulated installed capacity reached 194.4GW in 2010, an increase of 22.5% compared to that of 2009. The global newly installed capacity for year 2010 was 35.8GW, a decrease of 7.0% compared to that of 2009. This is due to a significant decrease in the US market and a slowdown in the European market. However, driven by the Chinese and Indian markets, the Asian market experienced a 29.9% growth rate. The newly installed capacity for China and India accounted for 46.1% and 6.0% of total global installed capacity, respectively.

ii. China's Wind Power Industry

1. Growth in the Wind Energy to Total Energy Ratio, the Wind Power Industry Continues to Expand

According to the statistics from National Power Industry Statistics Bulletin (2010), by the end of 2010, China's overall power generation total installed capacity was 962.19GW, representing an increase of 10.08% over that of last year, among which the connected wind power generation was 31.07GW, an increase of 76.56% that accounted for approximately 3.23% of the total power generated from all sources, representing an increase of 1.22 percentage points over last year.

The national infrastructure produced a total of 91.27GW of newly installed energy capacity in 2010, of which clean energy such as hydropower, nuclear power, wind power and solar power represented 36.0% of the total, an increase of 4 percentage points over last year. The wind power industry continues to experience significant growth with the newly connected capacity for wind in 2010 totaling 13.99GW, representing an increase of 55.96%.

In 2010, the total electricity generated nationally was 4,228,000GWH, of which wind power contributed 50,100GWH and accounted for 1.18% of the total, representing an increase of 0.43 percentage points over last year.

These figures demonstrate that the national energy generation structure is currently experiencing a period of change, with the proportion of renewable energy steadily increasing, further proof that the Chinese government is determined to achieve the goal of developing a green economy. However, the proportion of wind power, which is the leading form of clean energy, in terms of total energy generation is still relatively low, and is a distance away from the promise given by the Chinese government at the Copenhagen Conference.

In 2010, China's wind power industry continued to experience rapid growth. According to the statistics published by the China Wind Energy Association (CWEA), China's newly installed wind power capacity reached 18.93GW, representing an increase of 37.1% from 2009. However, compared to countries with a matured wind energy industry, China's wind power generation in terms of the total is still relatively low. With China's massive demand for energy and wind energy's relatively small contribution thus far, there is a fantastic opportunity for the rapid growth of the Chinese wind power industry to continue.

2. Offshore Wind Power

China's offshore wind power industry entered the development stage in 2010. In October, four offshore wind power commissioned projects were officially launched, with a combined total installed capacity of 1GW.

iii. WTG Manufacturing in China

1. Increasing Competition in the Market, Changing Market Trends

The competitiveness of the Chinese WTG manufacturing market became fiercer than ever before in 2010, leading to a significant decrease in the ASP of WTGs. Although the continuous reduction in prices has put pressure on the profitability of WTG manufacturers and led to various small manufacturer mergers in the industry, however, this also led to an increase in the return of investment for high quality wind farms.

2. Shifting Towards Multi-MW WTGs

In recent years, WTG manufacturers turned their attention to the development of WTGs with large generation capacities. Therefore, large domestic manufacturers increased the pace of R&D within this area. The Group has successfully manufactured the 2.5MW DDPM WTG and is available for commercial sale. The advanced technology and reliable performance of this WTG will help the Group to improve our market share even further.

iv. Industry Policy in China

In February 2010, the National Energy Bureau and National Ocean Bureau jointly issued the *Interim Provision for Administration of the Development and Construction of Offshore Wind Power*. According to its requirements on offshore wind power construction, the capacity of offshore WTGs should be no less than 3MW, with future capacity increasing to more than 5MW.

In April 2010, the *Wind Power Equipment Manufacturing Admittance Standard* was jointly researched and drafted by the Ministry of Industry and Information Technology (MIIT), National Development and Reform Committee (NDRC), and National Energy Administration, and requested comments and opinions from the industry, thus further increasing the barriers to entry.

In May 2010, the Chinese government held a Xinjiang energy symposium, proposing 55 supporting policies in response to Xinjiang's rapid development. These policies will further promote the development of the new energy industry such as wind power.

Management Discussion and Analysis

In October 2010, the Chinese government issued the *State Council Decision on Speeding Up Cultivating and Developing Strategic Emerging Industry*, which indicated that China will focus on cultivating and developing seven major industries, including energy efficiency and environmental protection, new energy and new energy vehicles etc. during the period of the Twelfth Five Year Plan. Already the most mature industry in the new energy sector, the wind power industry will certainly welcome the most successful period of its development in the near future.

On 21 December 2010, the National Energy Administration issued the *Interim Measures for the Supervision and Management of Wind Power Grid Construction*, stating that the WTGs used in the installation and connection of the power grid must be properly tested and approved. The new standards came into effect on January 1, 2011.

On 23 December 2010, the NDRC (Energy [2010] No.3019) issued the *Notice for the Opinions Regarding the Promotion of Healthy Development of the Wind Power Equipment Manufacturing Industry*. This will guide and regulate the wind power equipment manufacturing industry, and promote the sustainable development of the industry.

These policies will be of significant benefit to the development of the wind power manufacturing industry, and will improve the Group's competitiveness.

II. BUSINESS REVIEW

The Group is a leading WTG manufacturer and a provider of comprehensive wind power solutions in China. Our primary business is WTG R&D, manufacturing and sales. We also engage in the provision of comprehensive wind power services and the development of wind farms for sale to wind power operators and investors. By the end of 2010, the Group has set up 8,278 WTGs in China.

i. WTG R&D, Manufacturing and Sales

The Group commits itself to the research, design and manufacture of high quality WTGs with high efficiency and reliability. In 2010, the Chinese wind power industry continued to experience rapid growth. However, the market competition continues to increase with price wars continuing to heat up, and the profit of manufacturers under constant pressure. Facing the complex market environment, the Company remains calm and diligent, producing detailed analysis of the market environment, offering prompt and effective counter-measures, increasing the pace of product development, optimizing marketing concepts, expanding market share, and constantly improving cost control methods. As a result, the Group was able to achieve sustainable growth in 2010.

The revenue from the WTG R&D, Manufacturing and Sales for the year 2010 was RMB17.005 billion, representing a 64.34% increase over last year. Total sales capacity was 4,006.75MW, an increase of 96.84% over 2009. The following table sets out the details of our products sold in 2009 and 2010:

	2010		2009		Installed capacity change
	Units sold	**Installed capacity (MW)**	Units sold	Installed capacity (MW)	%
2.5MW	**1**	**2.5**	–	–	–
1.5MW	**2,567**	**3,850.5**	1,061	1,591.5	141.94%
750kW	**205**	**153.75**	592	444	(65.37%)
Total	**2,773**	**4,006.75**	1,653	2,035.5	96.84%

The Company's Xi'an production base began operation in July 2010. It became our major MW-level WTG production base in the northwestern area. The offshore WTG base in Dafeng, Jiangsu was also launched for operation, establishing an important milestone for our offshore strategy. The Company's major WTG manufacturing layout has now been completed, which includes 9 production bases, namely Yizhuang (Beijing), Urumuqi (Xinjiang), Baotou (Inner Mongolia), Jiuquan (Gansu), Xi'an (Shanxi), Dafeng (Jiangsu), Fuxin (Liaoning), Chengde (Hebei) and Yinchuan (Ningxia). With the continued optimization of our technology and manufacturing process, the production capacity of 1.5MW WTG has reached 4,000 units, and all 9 bases are also able to meet the production requirements of the 2.5MW WTG.

Management Discussion and Analysis

In 2010, the Company and Infineon Technologies AG, a leading global semiconductor solution provider, entered into an agreement to introduce core module technology to the Company. The Company received the license to manufacture in house Infineon modules required by the convertor of MW-level WTGs. The Company can enjoy the significant savings in cost of production by volume production in house, while the components' self-sufficiency ability can also continue to be improved.

Following the production of electrical control systems in house, the Company began independent blade design and R&D. In 2010, the Company acquired the domestically matured blade manufacturers, Xiexin Wind Power (Jiangsu) Co., Ltd. and Xiexin Wind Power (Xilinhaote) Co., Ltd., aimed at integrating both companies' design and production abilities, and developing the ability for blade production in house as soon as possible, allowing the Company to grasp the core technology and achieve further cost savings.

Technological R&D is the Company's lifeblood. During the reporting period, the Company's various R&D projects continued to perform successfully. The 1.5MW WTG passed the Low-Voltage-Ride-Through test and became the first DDPM WTG to receive this certification. The availability rate for the 1.5MW WTG continues to achieve above 98%. The advantages of DDPM technology have been widely recognized in the industry leading to an increase in customer satisfaction. 5 prototypes of 2.5MW WTG have been completed and connected to power grids in Xinjiang, Beijing, Jiangsu and Germany, with all prototypes operating efficiently. These prototypes were set up in both onshore and offshore areas in order to adapt to different market requirements. Based on the excellent performance and test results of the 2.5MW WTGs, the Company has begun its series design and unit capacity upgrade. In order to adapt to the market competition and substantiate the Company's dominance, the Company emphasized the R&D of the large model WTGs in order to speed up the development progress, and has already begun the development of 6MW DDPM WTGs.

Benefiting from the Company's advanced technology, high product quality, efficiency, reliability, and excellent services, we achieved an outstanding level of order backlog, as well as achieved a public tender bid-winning rate that was well ahead of competitors in the Chinese market in 2010. By the end of 2010, the intake order was 2,764.5MW, among which orders of 1.5MW WTGs were 2,716.5MW, orders of 2.5MW WTGs were 45MW, and orders of 3MW WTGs were 3MW. In addition, we also have orders of 3,815.5MW that were won during bidding and awaiting final contracts, including orders of 1.5MW WTGs of 2,112MW, orders of 2.5MW WTGs of 1,697.50MW, and orders of 3MW WTGs of 6MW, among which 200MW are offshore projects.

ii. Wind Power Services

The Group's background in R&D and manufacturing, and experience in wind farm operations has brought a distinct advantage to our products and services. We localize our services, which enables us to increase technical support and better ensure a rapid response to customers' needs. We provide customers with comprehensive wind power services, including preliminary investment consultation, pre-construction services, project construction services, post-construction operations and maintenance services, and various software support services such as SCADA, energy management platform, etc.

In 2010, the revenue from wind power services reached RMB293 million, an increase of 35.90% over last year.

iii. Wind Farm Investment, Development and Sales

Relying on the Group's competitive advantages in R&D, manufacturing, and provision of comprehensive wind power services, the group has the capability to invest and develop wind farms equipped with our WTGs. We believe that these wind farms can provide us and our customers with the maximum investment value. This business segment effectively created for the group a new source of profit with strong growth potentials, as well as promoted the Group's WTG sales and wind services, thereby enhancing the Group's overall market position.

In 2010, the total newly installed capacity of completed wind farms was 327MW, attributable installed capacity was 248.13MW, and we sold 6 wind farms with the total attributable installed capacity of approximately 155.82MW. As of 31 December, 2010, the Company had 624MW of total installed capacity of completed wind farms, and 417.42MW of attributable installed capacity. In addition to the completed wind farms, the attributable installed capacity of the projects still under construction is 306.38MW.

In 2010, revenue from wind farm operations was RMB178 million, an increase of 71.35% over that of 2009. Income for wind farm sales was RMB444 million, an increase of RMB254 million over last year.

iv. International Business

As one of the first and most mature WTG manufacturers in the domestic market, the Group was the first to march into the international market. In 2010, we intensified our efforts to promote the implementation of our international development strategy, with market, product, capital and international talent pool as its core strategy, and adopted a series of strategic measures, promoting international development and made major progress.

The wholly-owned American subsidiary of Goldwind, TianRun Shady Oaks, LLC, won a bid and entered into an agreement with Commonwealth Edison Company, one of the largest electric utilities in Illinois, USA, for the supply of electricity by Shady Oaks Wind Farm located in the same state for a term of 20 years starting from 2012, representing significant progress in implementing the Group's strategy of expanding into attractive international markets. The Company also entered into an agreement with China Machinery & Equipment International Tendering Co., Ltd. for the supply of 34 units of 1.5MW DDPM WTGs for the Adama wind farm project in Ethiopia, representing Goldwind's first step into the African market. Furthermore, the Company will supply 21 units of 1.5MW WTG for the Alexigros project in Cyprus. Finally, the Company will supply over 70 units of MW-level WTGs for the Gullen Range project in Australia, representing another major milestone for our development in the Australian market.

v. Major Subsidiaries Information

The Group has 60 controlling subsidiaries, among which 22 are directly controlling subsidiaries and 38 indirectly controlling subsidiaries. In addition, we have 6 jointly-controlled entities, 3 associates and 7 joint ventures. The following table sets out the financial details of the principal subsidiaries of the Company, in accordance with the accounting principles of the People's Republic of China (the "PRC GAAP"). Further information can be found in note 18 of the financial statements.

Unit: RMB ten thousand

	Company Name	Registered Capital	Total Assets	Net Assets	Revenue	Net Profits attributable to the Parent Company
WTG R&D and Manufacturing						
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,000	423,459.85	144,319.09	480,369.53	35,100.18
2	Inner Mongolia Goldwind Science & Technology Co., Ltd.	15,000	81,587.06	27,861.27	150,813.80	9,553.09
3	Vensys Energy AG	EURO 5,000,000	91,128.25	38,849.10	103,917.44	21,222.72
4	Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd.	8,860	35,671.26	18,484.27	85,092.24	9,046.39
5	Xi'an Goldwind Wind Power Equipment Manufacture Co., Ltd.	6,000	101,388.16	21,005.63	158,245.54	15,153.57
6	Jiangsu Goldwind Wind Power Equipment Manufacture Co., Ltd.	61,500	72,491.36	61,924.90	10,317.63	433.04
Components R&D and Manufacturing						
1	Beijing Techwin Electric Co., Ltd.	1,000	14,450.83	5,105.24	38,027.42	4,017.26
Wind Power Investment						
1	Beijing Tianrun New Energy Investment Co., Ltd.	48,160	453,828.47	96,114.76	18,439.62	21,182.83
2	Goldwind Investment Holding Co., Ltd.	100,000	195,491.69	101,904.54	2,890.60	1,045.14
Wind Power Service						
1	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.	4,500	31,952.32	13,319.44	42,322.86	2,188.18
2	Tianyun Wind Power (Beijing) Logistics Co., Ltd.	1,450	9,559.53	3,941.91	14,662.61	2,492.14

vi. Use of Proceeds

1. Use of A Share Proceeds

The Company was listed on the Shenzhen Stock Exchange in December 2007. According to the Capital Verification Report issued by WUZHOU SONGDE Accountants Firm on 19 December 2007, the actual net proceeds were RMB1.745 billion. As of 31 December 2010, the accumulated used proceeds were RMB1.49 billion, and RMB255 million raised funds were not used. The use of A Share proceeds is as follows:

(Unit: RMB million)

Proceed projects	Investment plan	Actual investment	Unused amount
Capacity expansion			
Beijing MW-level WTG high technology industrialization project	150	150	0
Xinjiang MW-level WTG capacity expansion project	461	461	0
Inner Mongolia MW-level DDPM WTG industrialization project	127	127	0
Nanjing MW-level WTG industrialization project	115.06	25.45	89.61
R&D projects			
1.5MW series WTG R&D	128	128	0
2.5MW DDPM WTG R&D	160	160	0
3MW hybrid PM WTG R&D	232	111.23	120.77
6MW DDPM WTG R&D	50	10.49	39.51
Testing laboratory	40	34.93	5.07
Wind farm development and sales			
Capital increase to FUHUI wind power for WULATE project	81.60	81.60	0
Tacheng Mayitasi 49.5MW Trail Demonstration Wind Farm	100	100	0
Goldwind Damao Trail Demonstration Wind Farm	100	100	0
Total	1,744.66	1,489.70	254.96

2. Use of H Share Proceeds

The Company was listed on the Hong Kong Stock Exchange in October 2010. According to the Capital Verification Report issued by Ernst & Young Hua Ming, the H Share net proceeds were RMB6.754 billion. According to the Company's plan, about 64.8% of the total shall be used in the domestic market, and about 35.2% of the total shall be used in the international market. As of 31 December 2010, the accumulated used proceeds were RMB2.058 billion, and RMB4.696 billion raised funds were not used. The use of H Share proceeds is as follows:

(Unit: RMB hundred million)

Proceed Projects	Investment Plan	Actual Investment	Unused Amount
Construction of production base and optimization of business operations	27.15	14.28	12.87
R&D of more advanced WTGs and certain related components	9.86	0	9.86
International business	19.72	0	19.72
Bank Loan Repayment	4.11	0	4.11
General Working Capital	6.7	6.3	0.4
Total	67.54	20.58	46.96

The Company proposed to invest RMB55 million of the H Share proceeds in the Jiangsu Dafeng Offshore WTG R&D project instead of the Nanjing MW-level WTG industrialization project, which was disclosed in the Company's prospectus issued on 27 September 2010. The Board of the Company has approved this proposal, and it shall be submitted to the Annual General Meeting for further discussion and approval.

vii. Human Resource Management

As of 31 December 2010, we have a total of 3,908 employees. The Group provides management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge. We sign employment contracts with our employees individually, covering, among others, salaries, benefits, allowances, training, workplace health and safety, confidentiality obligations relating to trade secrets and grounds for termination. Employees can also enjoy other benefits such as medical insurance, rent discounts, pension, etc.

III. OPERATIONS PERFORMANCE AND ANALYSIS

The content of this section should be read in conjunction with the audited consolidated financial statements of the Group set out in this report (including the relevant notes).

Summary

For the financial year ended 31 December 2010, revenue for the Group amounted to RMB17,475.17 million, representing an increase of 63.83% as compared with RMB10,666.51 million for the financial year ended 31 December 2009. Profit attributable to owners of the Group amounted to RMB2,289.52 million, representing an increase of 31.16% compared to last year. Basic earnings per share of the Group were RMB0.99.

Revenue

The revenue for the Group is generated from three business segments: (i) WTG R&D, manufacturing and sales; (ii) wind power services, and; (iii) wind farm investment, development and sales. Revenue from segment (i) is generated mainly through sales of WTGs and component parts. Revenue from segment (ii) is generated mainly through services such as wind farm EPC, transportation and maintenance. Revenue from segment (iii) is generated through tariffs received for the power produced by our wind farms in operation.

For the year ended 31 December 2010, the Group's total revenue amounted to RMB17,475.17 million, representing an increase of 63.83% as compared with RMB10,666.51 million of last year. Details are set out below.

Unit: RMB thousand

	Year ended 31 December		Amount	
	2010	2009	Increase	% Change
Sales of WTGs and parts	**17,004,649**	10,347,350	6,657,299	64.34%
Wind power services	**292,685**	215,368	77,317	35.90%
Wind Power Generation	**177,838**	103,787	74,051	71.35%
Total	**17,475,172**	10,666,505	6,808,667	63.83%

Total revenue increased mainly due to the expansion of our business in all three segments. The significant increase of revenue generated from sale of WTGs and component parts is due to the increased demand for our products as a result of greater market recognition for our DDPM full-power rectification technology and the performance and quality of our WTGs. The increase in revenue of the wind power services segment is mainly due to the increase of the wind power EPC services. The increase in revenue of the wind farm segment is mainly due to the increase of installed capacity of the operational wind farms.

Cost of sales

Cost of sales consists primarily of raw materials and components, labor, depreciation and amortization, other production costs and inventory changes, as well as transferred fixed assets. Raw materials and components mainly include blades, generators, structural parts, and electric control systems. Labor costs primarily consist of wages and salaries for workers directly involved in production and wind power services. Depreciation and amortization expenses are calculated for the usage of fixed assets and intangible assets, respectively, in the operation process. Inventory changes represent the changes of work in progress and finished goods, and transferred fixed assets represent the use of our WTGs as fixed assets in wind farms developed by our Group.

The following table provides a breakdown of our cost of sales:

Unit: RMB thousand

	Year ended 31 December		Amount Increase/	
	2010	2009	(Decrease)	% change
Raw materials and spare parts	**14,688,005**	9,220,071	5,467,934	59.30%
Labor cost	**112,602**	83,132	29,470	35.45%
Depreciation and amortization	**121,565**	55,021	66,544	120.94%
Other production cost	**315,533**	325,923	(10,390)	(3.19%)
Changes in inventories and transferred to fixed assets	**(1,783,951)**	(1,775,265)	(8,686)	0.49%
Total	**13,453,754**	7,908,882	5,544,872	70.11%

Management Discussion and Analysis

Cost of sales by business segments:

Unit: RMB thousand

	Year ended 31 December		Amount	
	2010	2009	Increase	% change
Sales of WTGs and parts	**13,152,606**	7,714,765	5,437,841	70.49%
Wind Power Services	**237,984**	166,433	71,551	42.99%
Wind Power Generation	**63,164**	27,684	35,480	128.16%
Total	**13,453,754**	7,908,882	5,544,872	70.10%

Cost of sales increased mainly due to the increase in the installed capacity sold. The increase has been partially offset by the decrease of unit COGS.

Gross profit

Unit: RMB thousand

	Year ended 31 December		Amount	
	2010	2009	Increase	% change
Sales of WTGs and parts	**3,852,043**	2,632,585	1,219,458	46.32%
Wind Power Services	**54,701**	48,935	5,766	11.78%
Wind Power Generation	**114,674**	76,103	38,571	50.68%
Total	**4,021,418**	2,757,623	1,263,795	45.83%

Gross profit is derived primarily from the WTG R&D, manufacturing and sales segment. For the financial year ended 31 December 2010 and 2009, our overall gross margin was 23.01% and 25.85% respectively, and the gross margin for the WTG R&D, manufacturing and sales segment was 22.65% and 25.44% respectively. The following table sets out the gross margins for our 750kW, 1.5MW and 2.5MW WTGs (prepared in accordance with PRC GAAP):

Gross Profit Margin	Year ended 31 December 2010	2009	Gross profit margin Increase/ (Decrease)
750KW	**27.69%**	32.82%	(5.13%)
1.5MW	**22.92%**	24.11%	(1.19%)
2.5MW	**8.47%**	N/A	N/A

The gross profit margin for 750kW WTGs decreased mainly due to a decrease in market demand and increasing unit fixed costs.

The gross profit margin for our 1.5MW WTGs decreased from 24.11% for the financial year ended 31 December 2009 to 22.92% for the year ended 31 December 2010. Gross profit margin is calculated as Revenue less Cost of Sales, and divided by Revenue. The decrease in gross profit margin is mainly due to the decrease in ASP of our 1.5MW WTGs, which was largely offset by the decrease in our 1.5MW WTG unit production costs as a result of greater economies of scale and increased in-house production of core components.

2.5MW WTGs sold only one prototype by the end of 2010, thus the related gross profit margin does not reflect the real profit potentials of the product.

Other income and gains

Other income and gains primarily consist of gains from the sale of wind farms within the wind farm investment, development and sales segment, (including gains realized from the sale of wind power equipments resulting from the sale of wind farms), interest income, insurance compensation for product warranty expenditures, gross rental income, and government grants received as financial subsidies for our R&D projects, and upgrading of our production facilities.

For the financial year ended 31 December 2010, the Group's total other income and gains amounted to RMB665.73 million, representing a 98.38% increase from RMB335.58 million for the financial year ended 2009. The increase is mainly due to wind farm disposal gains and increased government grants.

Selling and distribution costs

Our selling and distribution costs primarily consist of product warranty provisions, delivery charges, insurance expenses, bidding service fees, labor costs, loading and unloading fees, travel expenses, and other expenses.

Selling and distribution costs of the Group for the financial year ended 31 December 2010 amounted to approximately RMB1,096.36 million, a 58.93% increase compared with RMB689.85 million for the financial year ended 2009. The increase is mainly attributed to the significant increase in WTG sales.

Administrative expenses

Administrative expenses primarily consist of R&D expenses, labor costs, taxes, depreciation, consultation fees, travel expenses, and other expenses. Administrative expenses increased from RMB276.34 million for the financial year ended 31 December 2009 to RMB417.62 million for the financial year ended 31 December 2010. The increase is mainly due to increased R&D expenditure, number of employees, and salary levels.

Other expenses

Other expenses mainly consist of impairment provisions accrued in connection with our trade and bills receivables, and banking processing fees. Other expenses for the financial year ended 31 December 2010 amounted to approximately RMB272.21 million, representing an increase of 251.51% compared with RMB77.44 million for the financial year 2009. Increased expenses are mainly due to increase in foreign exchange losses and bad debt provision.

Finance costs

Finance cost for the financial year ended 31 December 2010 amounted to RMB116.98 million, an increase of 86.39% from RMB62.76 million for the financial year ended 2009. The increase is mainly due to the expansion of the Group's working capital requirements, a significant increase in interest-bearing borrowings, and increased interest expenses resulting from the completion of wind farm projects and subsequent commencement of wind farm operations.

Income tax expenses

For the financial year ended 31 December 2010, the Group incurred income tax expenses of RMB415.88 million. Income tax expenses for the year ended 31 December 2009 was RMB199.96 million. The increase is primarily attributed to the expansion of the Group's operations and increased profits.

Financial position

As of 31 December 2009 and 31 December 2010, total assets amounted to RMB14,882.95 million and RMB28,397.62 million, respectively. Current assets of the Group as of 31 December 2010 totaled RMB22,836.08 million, while current assets as of 31 December 2009 totaled RMB11,285.72 million. The percentage of current assets to total assets on 31 December 2010 was 80.42% (31 December 2009: 75.83%). The non-current assets of the Group as of 31 December 2009 and 31 December 2010 were RMB3,597.23 million and RMB5,561.54 million, respectively.

Total liabilities as of 31 December 2010 amounted to RMB14,766.72 million, compared to RMB9,355.69 million as of 31 December 2009. As of 31 December 2009 and 31 December 2010, current liabilities totaled RMB6,882.26 million and RMB12,456.20 million, respectively. Non-current liabilities as of 31 December 2009 and 31 December 2010 were RMB2,473.43 million and RMB2,310.52 million, respectively.

Net current assets and net assets as of 31 December 2010 amounted to RMB10,379.88 million and RMB13,630.90 million, compared to RMB4,403.45 million and RMB5,527.26 million, respectively, as of 31 December 2009.

Cash and cash equivalents as of 31 December 2009 and 31 December 2010 were RMB4,458.95 million and RMB9,323.60 million, respectively. As of 31 December 2009 and 31 December 2010, total interest-bearing bank and other borrowings of the Group amounted to RMB2,624.01 million and RMB2,966.84 million, respectively.

Financial resources and liquidity

Unit: RMB thousand

Cash Flow Statements

	Year ended 31 December	
	2010	2009
Net Cash flows from operating activities	**186,411**	1,301,792
Net Cash flows used in investing activities	**(2,495,377)**	(1,616,485)
Net Cash flows from financing activities	**7,278,812**	1,405,295
Net increase in cash and cash equivalents	**4,969,846**	1,090,602
Cash and cash equivalents at beginning of year	**4,378,950**	3,286,400
Effect of foreign exchange rate changes, net	**(106,396)**	1,948
Cash and cash equivalents at end of year	**9,242,400**	4,378,950

Management Discussion and Analysis

1. Cash flow from operating activities

Our net cash flows from operating activities primarily represent profit before tax adjusted for non-cash items, movements in working capital and other income and gains.

For the financial year ended 31 December 2010, the Company reported net cash flows from operating activities of RMB186.41 million, principally comprised of profit before tax of RMB2,799.72 million adjusted for a RMB186.80 million impairment of trade and other receivables and a RMB3,638.50 million increase in trade and bills payables. These cash inflows were offset by a RMB1,442.97 million increase in inventories as a result of the increases in our raw materials and finished and semi-finished goods due to increased customer orders and a RMB4,415.85 million increase in trade and bills receivables as a result of increased sales on which payment had yet to become due under relevant sales contracts.

For the financial year ended 31 December 2009, the Company reported net cash flows from operating activities of RMB1,301.79 million, principally comprised of profit before tax of RMB1,990.56 million for the year ended 31 December 2009 and a RMB1,069.84 million increase in trade and bills payables as a result of our increased WTG sales and thus our purchase of raw materials and components. These cash flows were offset by a RMB733.37 million increase in inventories as a result of increase in our works in progress, raw materials and finished and semi-finished goods due to our business expansion to meet the increase in our revenue from our WTG R&D, manufacturing and sales business segments and a RMB659.03 million decrease in other payables as a result of the decrease in advances from customers.

2. Cash flow used in investment activities

The net cash flows used in investment activities has principally been used for purchases of property, plant and equipment, acquisition of subsidiaries, pledged deposits, non-pledged time deposits with original maturity of three months or more, and the acquisition of investment properties.

For the financial year ended 31 December 2010, the net cash flows used in investment activities was RMB2,495.38 million, principally due to purchases of property, plant and equipment in the amount of RMB2,551.90 million, a RMB116.06 million increase in pledged deposits, offset partly by a RMB213.04 million inflow from the disposals of subsidiaries, net of cash disposed of.

For the financial year ended 31 December 2009, the net cash flows used in investment activities was RMB1,616.49 million principally contributed by purchases of property, plant and equipment in the amount of RMB1,540.11 million, a RMB218.54 million increase in pledged deposits and additions of prepaid land lease payments of RMB95.20 million, offset partly by a RMB304.83 million inflow from disposals of subsidiaries, net of cash disposed of.

3. Cash flow from financing activities

The Company used cash flows from financing primarily to repay our bank and other borrowings and to pay dividends to the Shareholders. Our cash flows from financing activities were generally derived from new bank loans and proceeds from an issue of H Shares.

For the financial year ended 31 December 2010, the Company reported net cash flows from financing activities of RMB7,278.81 million, principally contributed by proceeds from an issue of H Shares in the amount of RMB7,038.79 million and new bank loans in the amount of RMB3,659.29 million, offset by RMB2,023.05 million used to repay bank and other borrowings, RMB924.00 million in dividends paid to the owners of the Company, RMB269.29 million in share issue expenses and RMB152.71 in interest paid.

For the financial year ended 31 December 2009, the Company reported net cash flows from financing activities of RMB1,405.30 million, principally comprised of new bank loans in the amount of RMB2,249.84 million, offset partly by RMB424.50 million used to repay bank and other borrowings and RMB280.00 million in dividends paid to owners of the Company.

Capital expenditures

Capital expenditure for the financial year ended 31 December 2010 was RMB3,395.01 million, an increase of 63.35% compared to RMB2,078.34 million for the financial year ended 31 December 2009. Our primary sources of capital included the proceeds from an issue of new shares, bank loans and cash flow from operations.

IV. RISK MANAGEMENT

Fierce Market Competition

China has become the fastest growing wind power market in the world, attracting a large number of investors, and as a result, the competition has continued to intensify. The Group will further research and develop world leading WTGs based on our advanced technologies, provide the best service to the customers with high-quality products and integrated wind power solutions, and improve the competitiveness of the Group in the market.

Falling WTG ASP

Due to the increasing pressure of competition in the domestic market, the WTG's ASP continues to fall, and the profit margin of the Group is constantly put under pressure. For example, the falling ASP may have an adverse effect on the stability of the gross profit margin. The Group will continue to improve cost-cutting procedures, increase the in-house production of the WTG components, and improve the efficiency of large-scale production in order to offset the risks associated with falling ASP.

Slowdown of Industry Growth

The Chinese wind power industry has grown rapidly for many years. It is now experiencing a period of stability and nearing maturity, thus the growth rate has slowed down as a result. Consequently, the opportunities within the domestic market will be limited. Therefore, the Group will actively seek to expand its international business as well as explore further opportunities in the domestic market, and strive to maintain and gradually increase our market shares on both fronts.

Financial Risks

The Company could face a variety of financial risks during daily business operations, including fair value, cash flow, interest rate, foreign currency, credit, and liquidity. Please refer to note 44 in the audited consolidated financial statements for details and control measures.

V. OUTLOOK FOR 2011

The general outlook for the wind power industry in 2011 is forecasted to experience continued healthy growth. The Global Wind Energy Council (GWEC) forecasted that the global accumulated installed capacity will reach 533GW in 2015 and 1,071GW in 2020. Based on the above, GWEC estimated that wind power will provide 13% of that figure by 2020.

The Chinese wind power market still has a significant potential for growth. According to the latest forecast, *Chinese Wind Power Industry Development and Future Trends Research*, by the Chinese Renewable Energy Association's Wind Power Committee, China's installed wind power capacity is expected to increase to 165GW under conservative estimates, and 345GW under more optimistic estimates by 2020. In 2010, wind power accounted for only 1.18% of total energy generation in China, a substantial difference from other matured wind power industry countries, and therefore has significant potentials for further growth in the industry.

The competition of the domestic WTG market continued to increase, and inflation has further increased the pressure on costs for the Company. However, the Company's leading technology, reliable products, and our advanced business model have been, and will continue to be, recognized and welcomed by our customers. At the same time, policies issued by the Chinese government such as increasing the barriers to entry, minimum requirements for quality and technology, etc., will bring significant advantages to the Company's future development.

Facing the challenges and opportunities presented by the development and competitiveness of the industry, the Company will continue to consolidate and further improve the market position of the

WTG R&D, manufacturing and sales sector, while also actively develop the wind power services, and wind farm investment, development and sales sectors. The Company will integrate the key factors such as wind power technology, manufacturing, services, project development, etc., into our core competencies, in order to become a better comprehensive wind power solutions provider for our clients, maximize their added value, and become the leading wind power provider in China.

In 2011, the Group will strive towards the following targets:

1. Increase the investment in R&D, and increase the pace of product development. Continue to improve and optimize the technology for current products, and improve the overall competitiveness of our product.

   Achieve mass production capabilities for the 2.5MW DDPM WTGs, introduce the 2.5MW series WTG suitable for various operational environments, and complete the overall design for the 6MW DDPM WTG.

2. Continue to implement our integrated marketing strategy of industry leading cost control systems and competition strategy in order to ensure our product's advanced performance, quality and reliability, our provision of comprehensive services, and consolidate the brand reputation of the Company in the domestic market.

3. Actively develop our business in the international market, further integrate our global business resources, perfect our global business network and labor structure, form an effective alliance between our global sales and investments, and develop the ability to provide 'comprehensive solutions' to our international clients.

4. Ensure the successful completion of our annual production target by improving operational management, effective cooperation, and operating to the full production capacity of our existing manufacturing bases. We will speed up the development and increase the efficiency of our corporate logistics structure, speed up the formation of our international logistics' capabilities and networks, thus providing the necessary support for further development. We will also continue to perfect our cost control system, thus ensuring the Company's future sustainable development.

5. We seek to continually improve our strategic business model, which will remain focused on the core WTG business unit as we diversify in order to support our sustainable development. Our strategic initiatives will continually seek to discover new and innovative channels of income for the Company.

6. Perfect the Group's internal control system, and improve the Company's corporate governance and risk management capabilities.

Report of the Directors

The board of directors (the "Board") hereby presents to our shareholders its report and the audited consolidated financial statements of the Group (the "financial statements") for the year ended 31 December 2010.

SHARES OFFERING AND PUBLIC LISTING

In October 2010, the Company had an initial public offering and was listed on The Stock Exchange of Hong Kong Limited. Upon exercise of the Over-allotment Option, a total of 454,588,000 H Shares in the par value of RMB1.00 each, were sold to Hong Kong and international investors for HKD17.98 per share. In addition, under the requirement of Chinese law, the four shareholders of the Company who are state-owned enterprises transferred 45,458,800 A Shares to H Shares at a rate of 1:1, which were given to NSSF. As of 31 December 2010, total shares of the Company amounted to 2,694,588,000, comprising of 2,194,541,200 A Shares and 500,046,800 H Shares.

PRIMARY BUSINESS

The primary business segments of the Group include: (1) WTG R&D, manufacturing and sales; (2) wind power service; and (3) wind farm investment, development and sales. The WTG R&D, manufacturing and sales segment is our core business. The Company is one of the largest WTG manufacturers in China, and is also a leading provider of comprehensive wind power solutions. In terms of newly installed wind power capacity, the Company ranked second in China and fourth in the world.

RESULTS AND PROFIT DISTRIBUTION

The operating results of the Group for the year ended 31 December 2010 are set out in the consolidated financial statements. The Board recommends the payment of a final dividend of RMB0.34 per share (including tax) in cash from the Company's retained distributable profit for the financial year ended 31 December 2010. This recommendation is subject to approval in the forthcoming Annual General Meeting (AGM).

According to the provisions of the Articles of Association (the "Articles") of the Company, the dividend distribution plan of the Company is subject to approval from the shareholders during the AGM. Accordingly, the aforementioned dividend distribution proposal will be implemented following the approval of the Company's shareholders at the forthcoming 2010 AGM.

Details of the subsidiaries of the Company are set out in note 18 to the financial statements.

FINANCIAL HIGHLIGHTS FOR THE PAST FOUR FINANCIAL YEARS

Financial highlights of the Group's results and balance sheets prepared in accordance with IFRS regulations for the past four financial years are set out in the section headed "Financial Highlights for the Past Four Years" on page 196 of this annual report.

BANK LOANS AND OTHER BORROWINGS

As of 31 December 2010, the total amount of outstanding bank loans and other borrowings of the Group was RMB2,966.84 million. Details of the relevant loans are set out in note 30 to the financial statements.

CAPITALIZATION OF INTEREST

As of 31 December 2010, the total amount of interest expenditures capitalized to the property, plant and equipment of the Group was RMB60.32 million.

PROPERTY, PLANT AND EQUIPMENT

Details of adjustments made to the property, plant and equipment of the Group during the year ended 31 December 2010 are set out in note 13 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2010, approximately 33.6% of the Group's total procurement expenditure was attributed to our five largest suppliers, whilst approximately 8.48% of the Group's total procurement expenditure was attributed to our largest supplier. During the same period, revenue attributed to our five largest customers amounted to 21.88% of the Group's total revenue. Other than China Three Gorges Corporation's interests in one of our five largest customers, none of the directors, their associates, or any shareholders that (as far as is known to the directors of the Company) own more than 5% of the issued shares in the Company, hold any interest in our five largest suppliers or customers.

During the reporting period, sales revenue from any single customer did not exceed 30% of the Company's total operating revenue.

RESERVES

Details of the Group's changes in reserves during this financial year are set out in note 34 to the financial statements.

As at 31 December 2010, the Company's reserves available for distribution to shareholders were RMB1,158.80 million, which were the lower of the two amounts in the Company's financial statements, calculated in accordance with the generally accepted accounting principles of the People's Republic of China (the "PRC GAAP") and the International Accounting Standards.

MOVEMENTS OF SHARE CAPITAL

During the year ended 31 December 2010, the Company implemented the dividend policy approved in 2009 and distributed 6 shares and RMB1.00 (including tax) per 10 shares. As a result, the shares of the Company increased to 2,240,000,000. In addition, the Company issued 454,588,000 H Shares in a public offering, increasing the total shares of the Company further to 2,694,588,000. According to the *Implementing Measures for the Transfer of Part of the State-owned Shares to the NSSF in Domestic Securities Market* issued by the State Council, the state-owned enterprise shareholders of the Company transferred part of their A Shares in the Company that equaled 10% of the H Share public offering to the NSSF. These A Shares were converted to H Shares at a rate of 1:1, and amounted to 45,458,800 shares in total.

Report of the Directors

SHARE CAPITAL STRUCTURE

As at 31 December 2010, the particulars of the issued share capital of the Company is set out as follows:

Share Category	Number of Shares	Percentage of the Total (%)
A Shares	2,194,541,200	81.44
H Shares	500,046,800	18.56
Total	2,694,588,000	100.00

SUBSTANTIAL SHAREHOLDERS

As of 31 December 2010, as far as known to the directors and supervisors of the Company, the following persons had an interest or short position in the shares of the Company that must be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"):

H Shares:

Name of Shareholder	Share Category	Number of Shares	As a % of H Shares	As a % of Total Shares
China International Capital Corporation (Hong Kong) Limited	H Shares	59,294,000	11.86%	2.20%
Citigroup Global Markets Hong Kong Holdings Limited	H Shares	59,294,000	11.86%	2.20%
Morgan Stanley	H Shares	55,238,405	11.05%	2.05%
NSSF	H Shares	40,463,200	8.09%	1.50%
JPMorgan Chase & Co.	H Shares	46,588,706	9.32%	1.73%
International Finance Corporation	H Shares	32,044,600	6.41%	1.19%

A Shares:

Name of Shareholder	Share Category	Number of Shares	As a % of A Shares	As a % of Total Shares
Xinjiang Wind Power Co., Ltd.	A Shares	386,921,738	17.63%	14.36%
China Three Gorges New Energy Corporation	A Shares	720,474,959	32.83%	26.74%
China Three Gorges Corporation	A Shares	720,474,959	32.83%	26.74%
China-Belgium Direct Equity Investment Fund	A Shares	161,280,000	7.35%	5.99%

Notes:

1. China Three Gorges New Energy Corporation ("China Three Gorges New Energy", a wholly-owned subsidiary of China Three Gorges Corporation) directly holds 333,553,221 A Shares. China Three Gorges New Energy holds 33.9% of the issued share capital of Xinjiang Wind Power Co., Ltd.. Under the SFO, besides directly holding interests in our Company, China Three Gorges New Energy is deemed to be interested in the 386,921,738 A Shares held by Xinjiang Wind Power Co., Ltd..

2. China Three Gorges Corporation is the holding company of China Three Gorges New Energy. Under the SFO, the 386,921,738 A Shares held by Xinjiang Wind Power Co., Ltd. in which China Three Gorges New Energy is deemed to be interested, and the 333,553,221 A Shares directly held by China Three Gorges New Energy are deemed to be China Three Gorges Corporation's interest in our Company.

Other than as disclosed above, as of 31 December 2010, as far as is known to the directors and supervisors of the Company, no other persons (excluding directors and supervisors) had an interest or short position in the shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INFORMATION ON SHAREHOLDERS

As at 31 December 2010, the total number of shareholders of the Company was 238,762, among which the number of A Share and H Share shareholders were 236,544 and 2,218, respectively.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the jurisdiction in which the Company is incorporated.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

According to the information publicly available to the Company, and to the best knowledge of the Directors, the Company had maintained sufficient public float as required under the Listing Rules as at 14 April 2011, being the latest practicable date (the "LPD") prior to the issue of this report.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company in office during the year of 2010 and up to the LPD are:

Name	Title	Sex	Term starting Date
Wu Gang	Director Chairman	M	25 March 2010
Li Ying	Director	M	25 March 2010
Guo Jian	Director	M	25 March 2010
Gao Zhong	Director	M	25 March 2010
Wei Hongliang	Director	M	25 March 2010
Lv Houjun	Director	M	25 March 2010
Liu Tongliang	Director	M	Ceased to be a Director on 25 March 2010 following expiry of his term of office
Wang Yousan	Independent Director	M	25 March 2010
Shi Pengfei	Independent Director	M	25 March 2010
Li Man Bun	Independent Director	M	25 March 2010
Song Chang	Independent Director	M	Ceased to be an Independent Director on 25 March 2010 following expiry of his term of office
Wang Mengqiu	Chairman of Supervisory Committee	M	25 March 2010
Wang Shiwei	Supervisor	M	25 March 2010
Luo Jun	Supervisor	M	25 March 2010
Zheng Chengjiang	Supervisor	M	25 March 2010
Xiao Zhipeng	Supervisor	M	25 March 2010
Wang Haibo	Supervisor	M	Ceased to be a Supervisor on 25 March 2010 following expiry of his term of office

Other than as disclosed above, there were no changes to the Company's directors and supervisors during the year of 2010 and up to the LPD.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive directors, annual confirmation of his independence according to Rule 3.13 of the Listing Rules, and considers all the independent non-executive directors to be independent.

PERSONAL PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The personal profiles of the directors, supervisors and senior management as of the LPD are set out on page 56-59 of this annual report.

INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS BY DIRECTORS AND SUPERVISORS

As at 31 December 2010, the directors' and supervisors' interests and short positions in shares of the Company and its associated corporations are as follows:

Name of Directors	Type of Equity Interests	Number of Shares	As a % of A Shares	As a % of Total Shares
Wu Gang	beneficial owner	40,167,040	1.83	1.49
Guo Jian	beneficial owner	29,119,744	1.33	1.08

Other than as disclosed above, as at 31 December 2010, none of the directors or supervisors had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions b Directors of Listed Issuers.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than as disclosed in the paragraph headed "Interests and short positions in shares of the Company and its associated corporations by Directors and Supervisors" in this report, at no time, during the year ended 31 December 2010 or the period following 31 December 2010 up to the LPD, was the Company, or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company, a party to any arrangement to enable the directors or supervisors of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors, the supervisors and chief executive, or their spouses and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

Report of the Directors

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has a service contract with the Company for a term of three years. If a director or supervisor is dismissed from the position of director or supervisor by the general meeting of the Company, or the activities of the director or supervisor are not in accordance with the relevant regulations of the Company's code or its Articles of Association, the contract will be terminated automatically.

Other than as disclosed above, the Company did not enter into a service contract with any director or supervisor that is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Other than the service contract, there were no contracts of significance to the Group in which the Company or any of its subsidiaries was a party and in which a director or supervisor had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors of the Company is interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the business of the Company.

DIRECTORS' AND SUPERVISORS' REMUNERATION

The directors and supervisors who were members of the Company's senior management or employees received salaries from the Company. The directors and supervisors who were not members of the Company's senior management or employees did not receive payment from the Company. Director allowances were paid to the independent non-executive directors except for Mr. Wang Yousan.

Details of the directors' and supervisors' remuneration are set out in note 8 to the financial statements.

TOP FIVE HIGHEST PAID INDIVIDUALS

For the year ended 31 December 2010, information regarding the five highest paid individuals of the Group is set out in note 8 to the financial statements.

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management and administration of the entire or any significant part of the business of the company, nor did any such contract subsisted at any time during the year.

CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions under Listing Rules 14A.33

The Company has several non-exempt continuing connected transactions during the financial year 2010, for which the Company has been granted a waive from the Hong Kong Stock Exchange from strict compliance with the requirements of announcement and independent shareholders' approvals. The following table sets out a summary of such non-exempt continuing connected transactions:

Connected transactions	Connected persons	Caps for 2010 (RMB million)	Actual amount for 2010 (RMB million)
Procurement for components of the Group	China Three Gorges Corporation (note 1)	1,866.4	1,599
Product Sales of the Group	China Three Gorges Corporation	1,400	1,128

Note 1: China Three Gorges New Energy Corporation holds more than 10% of the issued share capital of the Company and is, therefore, a substantial shareholder of the Company. China Three Gorges New Energy Corporation is a wholly-owned subsidiary of China Three Gorges Corporation. According to the Listing Rules, China Three Gorges Corporation, and its associates are the connected persons of the Company.

PURCHASE OF COMPONENTS

The Group has purchased, and will continue to purchase, from the associates of China Three Gorges Corporation components for the manufacture of WTGs in the ordinary and usual course of business.

The purchase of products from China Three Gorges Corporation and their associates for the manufacture of WTGs has been, and will continue to be, made in accordance with our internal purchasing procedures. We have put in place a purchase monitoring process in the procurement department and have also formed a dedicated team to adopt the purchasing procedures.

As we are not in a position to ascertain in advance the subsidiaries or associates of China Three Gorges Corporation from which we may purchase components, the Group will enter into written agreements with the subsidiaries and associates of China Three Gorges Corporation in respect of each individual connected transaction of the purchase of components for the manufacture of WTGs described above.

The fees payable in connection with the products of the subsidiaries and associates of China Three Gorges Corporation have always been, and will continue to be, determined based on the market price. Such market price is defined by reference to the price at which the Group is able to be provided with identical or similar products by an independent third party in the ordinary and usual course of business.

PRODUCT SALE

The Group has sold, and will continue to sell, WTGs to the subsidiaries of China Three Gorges Corporation in the ordinary and usual course of business.

Such sale of WTGs by the Group to the subsidiaries of China Three Gorges Corporation is usually carried out pursuant to public tenders in accordance with the applicable laws and regulations of the PRC, i.e. the relevant subsidiary of China Three Gorges Corporation will invite bids for the WTGs they intend to purchase, and the Group, as the bidder, shall submit bid documents in response to the tender invitation. As most of our sales of WTGs are usually awarded through the tendering process, which is subject to the relevant PRC laws and regulations, the Group will enter into written agreements with the subsidiaries of China Three Gorges Corporation in respect of each individual connected transaction of sale of WTGs after winning a tender, or on normal commercial terms after arm's length negotiation where no tendering process is required to be adopted.

An independent non-executive director has reviewed the Group's continuing connected transactions mentioned above, and confirmed that the transactions:

1. were carried out in the ordinary business of the Group;

2. were conducted according to normal business terms, or if there are insufficient number of comparable transactions to determine whether or not they can be determined as normal business terms, then as far as the Group is concerned, the conditions of such transactions were no less favourable than those received from or offered to an independent third party;

3. were conducted according to the terms of agreement of the relevant transactions, where the terms of agreement were fair and reasonable, and in the interests of the Company and its shareholders as a whole.

The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions have allowed them sufficient access to their records for the purpose of reporting on the transactions as set out in this report, and the aforementioned continuing connected transactions carried out during the financial year ended 31 December 2010:

1. have been approved by the Company's board of directors;

2. are in accordance with the pricing policies requirements established in the relevant agreements;

3. have been entered into in accordance with the relevant agreements governing the transactions;

4. have not exceeded the caps disclosed in the prospectus of the Company dated 27 September 2010.

AUDIT COMMITTEE

The audit committee of the Group has reviewed and approved this year's financial statements. Information on works performed by the Audit Committee and its composition, are set out on page 47 in the Corporate Governance Report.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICES

The Group has always acted in accordance to the rules and regulations stated in Appendix 14 of the "Code of Corporate Governance Practices" to the Listing Rules.

AUDITOR

The board of the Company has decided to propose to the forthcoming AGM to consider and, if thought fit, re-appoint Ernst & Young Hua Ming as the Company's PRC auditor, and Ernst & Young as the Company's international auditor for the year of 2011.

Yours Sincerely,
Wu Gang
Chairman
Xinjiang Goldwind Science & Technology Co., Ltd.

Corporate Governance Report

As a public company listed on the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited, the Company has remained in strict compliance with the Articles of Association (the "Articles") of the Company, applicable securities laws, other relevant laws, listed company governance standards, and the Listing Rules of both the Shenzhen and Hong Kong stock exchanges. The Company seeks to continually improve its corporate governance structure, optimize its internal management and control, and corporate operations to improve the Company's corporate governance.

Since the listing of the Company's shares on the Hong Kong Stock Exchange and up to end date of the reporting period ("the Relevant Period"), the Company complied with all requirements under the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities for the Hong Kong Stock Exchange (the "Listing Rules").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has strictly complied with the relevant binding clauses on securities transactions by directors imposed by the regulatory authorities of Hong Kong and China, and we insist on the principle of complying with the strictest regulation among the two jurisdictions. All directors confirmed that they had complied with the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules during the Relevant Period.

THE BOARD

In accordance with the best interests of the Company and its shareholders, the Board continued to push forward the sustainable development of the Company by directing and supervising the Company's affairs.

Board Composition

As of the LPD, the Board of the Company consists of three executive directors, three non-executive directors and three independent non-executive directors.

Executive directors

Mr. Wu Gang (Chairman)
Mr. Guo Jian (President)
Mr. Wei Hongliang

Non-executive directors

Mr. Li Ying (Vice President)
Mr. Gao Zhong
Mr. Lv Houjun

Independent non-executive directors

Mr. Wang Yousan
Mr. Shi Pengfei
Mr. Li Man Bun, Brian David

The current board of directors is the fourth Board of the Company. All members of the board of directors were elected or re-elected at the 2009 AGM of the Company on 25 March 2010 for a term of three years.

The personal profiles of the directors are set out in the section headed "Profiles of Directors, Supervisors, and Senior Management" of this annual report. The executive and non-executive directors of the Company have extensive expertise, experience, and skills in the wind power industry, and thus will be great assets to the Company in terms of strategic decisions. The three independent non-executive directors of the Company have extensive experience in the industry, and in areas such as finance and corporate management.

All independent non-executive directors have confirmed with the Company their independence during the reporting period as required under article 3.13 of the Listing Rules. The Company is satisfied that they were independent during the reporting period.

During the reporting period, other than their interest with the Company, there were no financial, business, family or other major/relevant interests related to the members of the Board.

Operations of the Board

Pursuant to the Articles, the Board is required to hold at least 2 board meetings each year, to be convened by the chairman of the Board (the "Chairman"). In order for the directors to have the opportunity to attend board meetings, a notice period of at least 10 days shall be given to every director and supervisor for a board meeting. In the event of an emergency, interim board meetings may be convened upon a proposal made by the chairman or at least one third of the directors or presidents. The notice shall state the time, place, reason, issues and means by which the board meeting will be conducted.

A board meeting must have at least half of the directors in attendance. The directors may attend the board meeting in person, or appoint another director in writing to attend the board meeting on his behalf. The Board must take minutes for meetings, record the matters discussed at meetings, and ensure that such minutes are available for inspection by any director.

Corporate Governance Report

During the reporting period, the Board held a total of nine board meetings. The attendance record of the directors at those board meetings during the reporting period are as follows:

Name	Attendance in meetings	Attendance in person	Attendance on behalf	Absence	Personal absence for two or more consecutive meetings
Wu Gang	9	9	0	0	No
Li Ying	9	9	0	0	No
Gao Zhong	9	9	0	0	No
Wei Hongliang	8	7	1	0	No
Lv Houjun	9	7	2	0	No
Guo Jian	9	9	0	0	No
Wang Yousan	9	9	0	0	No
Shi Pengfei	9	9	0	0	No
Li Man Bun, Brian David	8	7	1	0	No

Assignment of Responsibility

The Board is responsible for decisions on the Company's operations and investment plan, the financial budget, final accounts plan, dividend plan, the basic management system, the internal management structure, other major business and administrative matters, and monitoring the performance of senior management.

The Board is also responsible for the preparation of the accounts for each financial period to present a truthful and transparent view of the Company financial status, operating results, and cash flow for that period. In the course of preparing the accounts for the year ended 31 December 2010, the directors have selected and implemented appropriate accounting policies, made prudent and reasonable decisions and estimates, and prepared the accounts on an on-going basis.

The Company management, under the leadership of the General Manager (who is also an executive director), is responsible for the management of business operations, implementing decisions by the Board, and submitting company operations reports to the Board.

Chairman and President

The Company's Chairman and President are Mr. Wu Gang and Mr. Guo Jian, respectively. The Company has established a clear division of responsibilities for those roles. The Chairman is responsible for the establishment of Company development strategies, ensure the proper functioning of the Board, and monitor the Company corporate governance practices and procedures. The President is responsible for the day-to-day management of the Company's operations, including the implementation of strategies set out by the Board, making day-to-day decisions, and coordinating overall business operations.

Director Nominations

The Board has established a Nomination Committee. After the Nomination Committee has examined the relevant qualifications of director candidates, the Committee's recommendations will then be submitted to the Board. All newly nominated directors are subject to approval by the shareholders at the Company's AGM and will have a term of three years.

Board Committees

The Board has established an Audit Committee, a Remuneration and Assessment Committee, a Nomination Committee and a Strategy Committee in accordance with the requirements of the Listing Rules.

1. *Audit Committee*

The Audit Committee consists of two independent non-executive directors and one non-executive director, namely Mr. Wang Yousan, Mr. Li Man Bun and Mr. Gao Zhong. The Committee Chairman is Mr. Li Man Bun.

The primary duties of the Audit Committee are to review and supervise the financial reporting procedures and internal controls of the Company.

The work performed by the Audit Committee during the year in discharging its responsibilities included review of the quarterly and annual results, significant transactions, provision of guarantees by the Company, and internal control.

During the reporting period, the Audit Committee held five meetings. The attendance of the Audit Committee was 100%.

2. *Remuneration and Assessment Committee*

The Remuneration and Assessment Committee consists of two independent non-executive directors and one non-executive director, namely Mr. Wang Yousan, Mr. Shi Pengfei and Mr. Li Ying. The Committee Chairman is Mr. Shi Pengfei.

The primary duties of the Remuneration and Assessment Committee are to determine the human resource management strategy, review the remuneration policy of the Company, and determine the compensation package for the directors.

The work performed by the Remuneration and Assessment Committee during the year in discharging its responsibilities included revising the Company's remuneration policy, and assessing the performance of the senior management.

During the reporting period, the Remuneration and Assessment Committee held three meetings. The attendance of the Remuneration and Assessment Committee was 100%.

3. *Nomination Committee*

The Nomination Committee consists of two independent non-executive directors and one executive director, namely Mr. Wang Yousan, Mr. Shi Pengfei and Mr. Wu Gang. The Committee Chairman is Mr. Wang Yousan.

The primary duties of the Nomination Committee are set out as follows:

(i) to propose recommendations to the Board with regard to the replacement candidates for directors and suitable persons for senior management personnel, and

(ii) to formulate the nomination procedures and criteria for selection and recommendation of candidates for directorship.

The work performed by the Nomination Committee during the year in discharging its responsibilities included nominating the Board members for the fourth Board elections and senior management, and electing the Chairman for the Nomination Committee.

During the reporting period, the Nomination Committee held three meetings. The attendance of the Nomination Committee was 100%.

4. *Strategy Committee*

The Strategy Committee consists of three executive directors, one independent non-executive director and one non-executive director, namely Mr. Wu Gang, Mr. Guo Jian, Mr. Wei Hongliang, Mr. Shi Pengfei and Mr. Gao Zhong. The Committee Chairman is Mr. Wu Gang.

The primary duties of the Strategy Committee are to research and propose recommendations for the Company's medium and long-term development strategies and major investment decisions, review the Company's annual operations and investment plans, and analyze the major investment and financing options, and capital operations.

During the reporting period, the Strategy Committee held a total of three meetings. The attendance of the Committee was 100%.

AUDITORS

During the reporting period, Ernst & Young was appointed as the Company's auditors.

During the reporting period, the fees payable to the auditors for the Company's audit services totaled RMB3.9 million.

SENIOR MANAGEMENT'S INTERESTS IN SHARES (BY THE END OF THE REPORTING PERIOD)

Name	Positions	Tenure	Numbers of A Share held	Numbers of H Share held
Mr. Wu Gang	Chairman and Chief Executive Officer	25.3.2010-24.3.2013	40,167,040	–
Mr. Guo Jian	Director and President	25.3.2010-24.3.2013	29,119,744	–
Mr. Wei Hongliang	Director and Vice President	25.3.2010-24.3.2013		–
Mr. Li Yuzhuo	Executive Vice President	25.3.2010-24.3.2013		–
Mr. Cao Zhigang	Executive Vice President	25.3.2010-24.3.2013	9,368,024	–
Mr. Sun Liang	Chief Financial Officer	25.3.2010-24.3.2013		–
Mr. Jürgen Rinck	Vice President and Chief Technology Officer	25.3.2010-24.3.2013		–
Mr. Wang Haibo	Vice President	25.3.2010-24.3.2013	–	
Mr. Wang Xiangming	Vice President	25.3.2010-24.3.2013	18,850,400	–
Mr. Cui Xinwei	Chief Engineer	25.3.2010-24.3.2013		–
Ms. Ma Jinru	Vice President and Secretary of the Board	25.3.2010-24.3.2013		–

SUPERVISORY SYSTEM

Supervisory Committee

The Supervisory Committee is the Company's long standing supervisory system. The Supervisory Committee is responsible for the supervision of the members of the Board and senior management in order to prevent the abuse of authority, and violating the legal interests of the shareholders, the Company and employees. The Supervisory Committee consists of five supervisors with one chairman. During the reporting period, the Supervisory Committee held five meetings. The attendance of the Supervisory Committee was 100%.

Internal Control

The Board has established an Audit Committee as part of the Company's internal control system. Details regarding the Audit Committee are set out in "Audit Committee" of the "Board Committees" section of this report.

Corporate Governance Report

The Company has established an Audit and Legal Department as a specialized internal audit system, and drafted the "Internal Auditing Code". It is responsible for audit supervision and risk control of the Company and its subsidiaries, the establishment, supervision, review and assessment of the internal control system, the evaluation of the transparency and completeness of financial information, the efficiency and effectiveness of the Company's business operations.

The Company has also formulated the "Information Disclosure Management Rules", providing the proper procedures for the disclosure of major and stock price sensitive information regarding the Company, to ensure that the disclosures are in compliance with the Listing Rules.

SHAREHOLDERS' RIGHTS

The ordinary shareholders of the Company have the right to obtain information and documents from the Company in accordance with the provisions of the Articles of Association. They also have the right to request, convene, and preside over shareholder meetings, as well as the right to vote on matters put before the meeting in accordance with their respective voting rights, within the boundaries of the law.

As the highest authority of the Company, the general meeting is responsible for the decision-making of all major Company issues in accordance to the relevant laws and regulations. The Company has remained in strict compliance with the "General Meeting of Listed Company Rules", "Company Constitution" and "Procedure of Shareholders Meeting Rules" and other relevant laws, regulations and systems. The Company shall convene general meetings of the shareholders and standardize the meeting procedures in accordance with relevant laws to ensure fair treatment toward all shareholders, especially minority shareholders, and enable them to fully execute their rights. During the reporting period, the Company held the 2009 AGM and two extraordinary general meetings. The Company encourages all shareholders to attend shareholders' meetings and express their opinions.

The Articles of Association of the Company contains the rights of Company shareholders, including those mentioned above. The Company has taken the necessary steps to comply with all provisions of the relevant laws, regulations and the Listing Rules to ensure the protection of shareholder rights.

INVESTOR RELATIONS MANAGEMENT

The Company's Secretariat of the Board is responsible for the management of investor relations, including the day-to-day investor relations management issues. The Company provided investors with general meetings of shareholders, the corporate website, an interactive investors' platform, a Company email account, periodic conference calls, telephone contact information, and other forms of communication. In addition, the Company provides various events regarding research into the Company and the industry, performance presentations and investors' receptions, participates in investment strategy events with intermediaries, and thus provides opportunities for Company investors to communicate with each other, and further understand the Company and the industry.

Supervisory Committee Report

During the reporting period, the Company Supervisory Committee will act in strict accordance with the relevant regulations of PRC Company Law, Goldwind Company Regulations, and Goldwind Supervisory Committee Regulations. All employees of the Supervisory Committee will assume responsibility towards the Company's shareholders, act with integrity, carry out our supervisory duties to the best of their abilities, actively participate in procedural supervision, carefully deliberate on key decisions, protect the interest of our shareholders and the Company, and support the Company's management and sustainable development.

SUPERVISORY COMMITTEE MEETINGS

During the reporting period, a total of five Supervisory Committee meetings took place, and 26 proposals were approved. Excluding special circumstances, all Supervisory Committee members attended the meetings, and all members who were unable to attend appropriately reassigned their authority prior to the meetings.

OBJECTIVE FINDINGS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee made the following observations regarding relevant aspects of the Company during 2010:

1. Compliance with Laws and Regulations in the Course of Company Operations

During the reporting period, the Supervisory Committee attended all Board meetings and general meetings. The Supervisory Committee also supervised the Board and general meeting procedures and proposal discussions, the Board's implementation of decisions made during general meetings, the ability of high level management employees to perform their duties, the implementation of various Company management policies, and the Company's operational performance. The Supervisory Committee believes that the Company operated in compliance with required standards, made lawful and rational decisions, acted in compliance with its corporate governance structure, and established adequate internal controls,. The Supervisory Committee also believes that company directors and high level management performed their duties with responsibility, integrity and diligence, and strictly implemented the various decisions of the general meetings. The Supervisory Committee did not find any activities that were unlawful, out of compliance with government or Company regulations, or damaging to the Company or shareholders' interest.

2. Financial Position

The Supervisory Committee carefully inspected the Company's periodic financial report and financial policies during the reporting period. The Committee believes that the Company's financial department's internal control system is complete, and is continuously being improved. The Supervisory Committee believes all policies and systems were strictly implemented, and therefore effectively guaranteed the successful functioning of the Company's production and operation. During 2010, the Company's financial position was sound, financial management was effective, the consolidated financial statements were complete and objective, and truthfully reflected the Company's financial position and operational performance. The Committee believes that the 2010 annual report with unqualified opinion issued by Ernst & Young was true and fair.

3. Share Proceeds Information

The Company acted in strict accordance with Regulations for the Use and Management of Share Proceeds. The Company did not use share proceeds during 2010 for pledges, entrusted loans, or other prohibited purposes. All proceeds were used in accordance with project plans. There were no cases of regulation violation with regards to the use of share proceeds during 2010. All proceeds were used in accordance with the relevant regulations and followed the appropriate approval procedures. The Supervisory Committee believes that the relevant information disclosed by the Company was on time, truthful, accurate, and complete.

4. Disclosure and Guarantee

The Company acted in strict compliance with the relevant regulations in the Company Articles, and Disclosure and Guarantee Policies. Following inspection, the Supervisory Committee believes that the Company followed proper procedures for public disclosure and guarantee, and did not find evidence of any regulatory violations.

5. Connected Transactions

During the reporting period, the Company's connected transactions were in compliance with government laws and regulations, as well as Company regulations with regards to their decision-making procedures. The pricing method of the connected transaction agreements were in accordance with accepted business practices and the relevant rules and regulations, demonstrating the principles of fairness and equality. During the inspection of the connected transactions, associated directors and shareholders all avoided voting. The Supervisory Committee believes, during the year 2010 there were no internal transactions that would damage the Company or shareholders', especially medium and small shareholders', interests.

6. Self Assessment of Internal Controls

Goldwind has established an outstanding internal control system. The system integrates the Company's operations management activities at all levels and in all sectors. All Company operations followed the internal controls guidelines and strictly conformed to their recommended procedures. After close inspection, we believe the Company's internal control structure was effective during 2010. The Board reviewed the 2010 Annual Internal Control Self Assessment Report and believes the report to be truthful and objective.

7. Other Major Issues

During the reporting period, the Board discussed major proposals relating to acquisition and sale of assets. The Supervisory Committee believes that during planning and execution of the aforementioned proposals there was no evidence of insider trading nor any other actions that might result in the loss of the shareholders' or the Company's assets and interests. The Board believes all acquisitions and sales were fair and the transaction prices were reasonable.

Corporate Social Responsibility Report

Wind power energy contributes directly to the well-being of society. Our company strongly believes in our responsibility towards the community and the environment. We believe that our business can grow in an environmentally sustainable manner while supporting the continued development of society.

OPERATE WITH INTEGRITY TOWARD OUR SHAREHOLDERS

Shareholders are essential to our Company. The recognition and support of the shareholders provide the driving force behind the sustainable development of the Company. Therefore, maintaining and increasing the wealth of shareholders and creating a sustainable return for their investment is the Company's responsibility and duty. Through continued improvements in business management, transparency, and performance, as well as maintaining the Company's financial stability, assets and financial security, we will seek to maximize the benefits for both the shareholders and the Company.

EMPLOYEES ARE OUR MOST VALUABLE ASSETS

Our Company firmly believes that employees are our most valuable assets, and therefore seeks to continuously increases employee benefits, as well as providing for their career development and personal welfare. We also continually seek to improve employment health and safety, protect employees' basic rights, remain in compliance with employment regulations, invest extensively in training and development, promote and improve employees' skills and education, promote an open and friendly company atmosphere, and improve employees' personal and mental welfare. One of the goals we strive toward is to become a Company that is loved and respected by all our employees.

INDUSTRY COOPERATION

The Company will treat all participating parties in the wind power industry with the utmost respect, including both partners and competitors. We will strive to the best of our abilities to work with our suppliers, customers and competitors towards a positive outcome for all parties. Together, we can promote the continued growth and success of the wind power industry.

ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT

During our Company's growth and development, in addition to creating a sound economic structure for the Company, we have also made notable contributions to society. In 2010, the power generated by our newly installed WTGs totaled 3,739.5MW. That represents a savings of 3 million tons/year of SCE consumption and 7.5 million tons/year of CO_2 emissions, therefore making a significant contribution to the protection of our environment.

CREATING BENEFITS FOR THE LOCAL COMMUNITY

Our company has adopted a strategy of local development for management and growth. By integrating the Company's development into the local community, we are able to make significant contributions towards the local economy. Our localized management strategy has helped to drive the development of the local economy, while the industrial park structure that we utilize has directly contributed to the creation of significant local employment, as well as promoted the growth of complimentary industries such as logistics and services.

CONTRIBUTING TO THE PUBLIC INTEREST

While we continue to develop wind power technology and contribute positively to society, we also actively participate in various social and community events, spreading our support to those that need us most, and giving our strength for the development of society. In the aftermath of the 2010 Yushu earthquake, the Company and its employees immediately donated RMB1.7 million in cash towards the rescue and the rebuilding effort of the disaster region. In recent years, our company has actively promoted green environment education, including that of wind power energy, among students. We have also cooperated with many education and vocational education facilities to jointly launch educational activities and programs, helping to develop quality personnel for the future growth of the wind power industry. By the end of 2010, our company had cooperated with 24 Chinese educational facilities to provide wind power industry related educational programs.

Profiles of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wu Gang (武鋼先生), aged 53, is the chairman and chief executive officer of the Company. He graduated from Dalian University of Technology with a master's degree. Mr. Wu is a professor-level senior engineer and he is the deputy director of the Chinese Renewable Energy Industries Association. Mr. Wu is an expert entitled to a special allowance granted by the State Council and a member of the expert consultants' group for the government of Xinjiang. Mr. Wu was the chairman and general manager of the Company from 2002 to 2006 and became the chairman and chief executive officer in March 2006.

Mr. Guo Jian (郭健先生), aged 48, is a director and the president of the Company. He graduated from Dalian University of Technology with a master's degree. He is a senior engineer and an expert entitled to a special allowance granted by the State Council. Mr. Guo was the deputy general manager from 2001 and subsequently, the general manager and the president of the Company. He was appointed as a director of the Company in May 2004.

Mr. Wei Hongliang (魏紅亮先生), aged 40, is a director and the vice president of the Company. He graduated from Wuhan University with a master's degree. Mr. Wei acted as the manager of the Planning and Development Department and the manager of the Capital Operation and Equity Management Department of China Three Gorges New Energy Corporation since 2004. He is currently the assistant to general manager of China Three Gorges New Energy Corporation, and the vice chairman of Xinjiang Wind Power. He has been a vice president of the Company since August 2009 and was appointed a director of the Company in March 2010.

NON-EXECUTIVE DIRECTORS

Mr. Li Ying (李熒先生), aged 76, is the vice chairman of the Company. He graduated from Wuhan College of Hydraulics. He is a professor-level senior engineer and an expert entitled to special allowance granted by the State Council. Mr. Li was the deputy director of the Rural Hydropower Department of the Ministry of Water Resources. He is currently the chairman of Jianghe Rural Electricity Development Co., Ltd. and the chairman of Ningde City Dagang Hydropower Station Development Co., Ltd. Mr. Li has been a vice chairman of the Company since March 2001.

Mr. Gao Zhong (高忠先生), aged 53, is a director of the Company. He graduated from Northwest Institute of Textile Science and Technology with a bachelor's degree. He is an engineer and a senior political officer. Mr. Gao was the director, deputy general manager and the Party Committee secretary of Xinjiang Jinfang Textile Co., Ltd., the vice chairman and supervisor of the trade union of Xinjiang Bagang (Group) Co., Ltd. and the chairman and the Party Committee secretary of Xinjiang Beizheng Industrial Co., Ltd. Mr. Gao is currently the chairman and the Party Committee secretary of Xinjiang Wind Power and has been a director of the Company since August 2008.

Mr. Lv Houjun (呂厚軍先生), aged 48, is a director of the Company. Mr. Lv graduated from Nanjing University with a doctorate degree in economics. He is a senior economist. Mr. Lv was the deputy general manager of the International Department of Hai Tong Securities Co., Ltd. from May 2001 to October 2004 and a general manager and director of Hai Tong-Fortis Private Equity Fund Management Co. Ltd. from October 2004 to March 2010. He is currently the general manager of GP Capital Co., Ltd. and was appointed the director of the Company in March 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Yousan (王友三先生), aged 76, is an independent director of the Company. He is a senior economist. Mr. Wang was the deputy vice chairman of the government of Xinjiang from 1991 to 1996, the vice chairman of the Xinjiang Chinese People's Political Consultative Conference from 1996 to 2001, and retired in February 2001. Mr. Wang is currently an independent director of Xinjiang Joinworld Co., Ltd., Xinjiang Tianfu Thermoelectric Co., Ltd. and Xinjiang Hops Co., Ltd., and was appointed the Director of the Company in March 2007.

Mr. Shi Pengfei (施鵬飛先生), aged 71, is an independent director of the Company. He graduated from Beijing Institute of Machinery with bachelor degree. Mr. Shi is a professor-level senior engineer. Currently, he is a member of the expert committee of China Hydropower Engineering Consulting Group Co. and the vice chairman of the Chinese Wind Energy Association. He was appointed the director of the Company in March 2007.

Mr. Li Man Bun, Brian David (李民斌先生), aged 36, is an independent director of the Company. He graduated from Stanford University with a master's degree in business administration. Mr. Li is a senior associate of the Institute of Chartered Accountants in England & Wales, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Treasury Markets Association. Mr. Li was the general manager and head of Wealth Management Division of The Bank of East Asia, Limited (BEA) from 2004 to 2009. Currently he is BEA's deputy chief executive and he holds directorships in various member companies of BEA. Currently, Mr. Li is also an independent non-executive director of Towngas China Company Limited. He was appointed as a director of the Company in March 2010.

SUPERVISORS

Mr. Wang Mengqiu (王孟秋先生), aged 47, is the Chairman of the Supervisory Committee of the Company. He graduated from Shenzhen University. From 2002 to 2006, Mr. Wang served as a director of the Finance Center of China Three Gorges Corporation, and is now a director of its Risk Control Department. Mr. Wang was appointed as a Supervisor of the Company in August 2008.

Profiles of Directors, Supervisors and Senior Management

Mr. Wang Shiwei (王世偉先生), aged 54, is a Supervisor of the Company. Mr. Wang is an engineer and has been a deputy manager in Xinjiang Wind Power since 2005. Mr. Wang was appointed as a Supervisor of the Company from September 2009.

Mr. Luo Jun (洛軍先生), aged 44, is a Supervisor of the Company. Mr. Luo graduated from Southwest University of Science and Technology and is an accountant. From 2002 to 2008, Mr. Luo held positions in the Finance Department, Reform Office and Equity Management Office of Xinjiang Wind Power, and is currently serving as a director of its Equity Management Office. Mr. Luo was appointed as a Supervisor of the Company in May 2004.

Mr. Zheng Chengjiang (鄭成江先生), aged 37, is an employee Supervisor of the Company. Mr. Zheng graduated from Xinjiang Finance and Economics Institute with a college degree. Mr. Zheng was the assistant to the general manager, director of our Planning and Management Department, assistant to the president, and director of our Systems Management Department. Currently, he serves as the director of Information Systems. Mr. Zheng was appointed as an employee representative Supervisor of the Company in March 2007.

Mr. Xiao Zhiping (肖治平先生), aged 34, is an employee Supervisor of the Company. Mr. Xiao graduated from Xinjiang University with a bachelor's degree. Mr. Xiao held positions as the manager of the Leasing Department II and the deputy general manager of the Leasing Department of Xinjiang Financial Leasing Co., Ltd. from 2002 to 2006. Mr. Xiao joined the Company in 2006 and now he is the director of the Investment and Equity Management Department. Mr. Xiao was appointed as an employee Supervisor of the Company in March 2010.

SENIOR MANAGEMENT

Mr. Li Yuzhuo (李玉琢先生), aged 63, is an executive vice president of our Company. Mr. Li graduated from Tsinghua University with a bachelor's degree. Mr. Li was the general manager of Beijing Leader & Harvest Electric Technologies Co., Ltd. and the general manager of Beijing Zhongyi Hekang Electric Technologies Co., Ltd. Mr. Li was appointed as a vice president of the Company in March 2007.

Mr. Cao Zhigang (曹志剛先生), aged 36, is an executive vice president of the Company. Mr. Cao graduated from Xinjiang Engineering Institute with a bachelor's degree. Mr. Cao is a qualified engineer and was the director of the Electronic Control Affairs department, director of the Chief Engineer Office and the deputy chief engineer of the Company. Mr. Cao was appointed as a vice president of the Company in March 2007.

Mr. Jürgen Rinck, aged 48, is a vice president and the chief technology officer of the Company. Mr. Rinck graduated from Saarland University of Applied Sciences (Hochschule für Technik und Wirtschaft des Saarlandes) with a master's degree in constructive mechanical engineering. He was a development engineer of the wind power R&D team of the Wind Power R&D Center at Saarbrücken of Germany, and was responsible for the R&D of the GenesYs 600 WTG project from 1995 to 1998 as the chief engineer of the Wind Power R&D Center. Mr. Rinck has been the general manager of VENSYS Energiesysteme GmbH & Co. KG, and is currently the chief executive officer of Vensys AG since May 2007. Mr. Rinck was appointed as vice president and the chief technology officer of the Company in March 2010.

Mr. Wang Haibo (王海波先生), aged 37, is a vice president of the Company. Mr. Wang graduated from Xinjiang Finance and Economics Institute with a bachelor's degree. He was director of our Marketing Center and Investment Development Department from 2001 and managing deputy general manager and general manager of Beijing Tianrun New Energy Investment Co., Ltd. from 2007. Currently, Mr. Wang is the chairman of Beijing Tianrun New Energy Investment Co., Ltd. Mr. Wang was appointed as an employee Supervisor of the Company from 2005 to March 2010 and was appointed as vice president of the Company in March 2010.

Mr. Wang Xiangming (王相明先生), aged 42, is a vice president of our Company. Mr. Wang graduated from Northwestern Polytechnical University with a bachelor's degree. Mr. Wang is a qualified professor-level senior engineer and he served as production director, vice general engineer and general engineer of the Company. He was appointed as vice president of the Company in March 2007.

Mr. Sun Liang (孫亮先生), aged 42, is the chief financial officer of the Company. He graduated from Australian National University and obtained a master's degree in financial management. Mr. Sun is a certified financial and treasury professional. Mr. Sun was the financial director of ALSTOM (China) Investment Co., Ltd. and the chief financial supervisor of Changsha Zoomlion Heavy Industry Science and Technology Department Co., Ltd. from 2004 to 2008. Mr. Sun was appointed as chief financial officer of the Company in October 2009.

Mr. Cui Xinwei (崔新維先生), aged 50, is the chief engineer of the Company. Mr. Cui obtained a master's degree in mechanical engineering from Zhejiang University. Mr. Cui served as dean of the Engineering and Communication Institute of Xinjiang Agricultural University, a director of our general design office and our vice chief engineer. He was appointed as vice president of the Company in March 2009.

Ms. Ma Jinru (馬金儒女士), aged 45, is a vice president, the secretary of the Board and the Company Secretary of the Company. Ms. Ma graduated from Jilin University of Technology with a master's degree in transportation management engineering. She is a senior economist and an affiliated person of The Hong Kong Institute of Chartered Secretaries. She was an economist with the Dalian Port Design Institute, head of the Foreign Trade and Economic Cooperation Department of the Dalian Port Authority and a manager of the Financial Management Department of the Dalian Port Container Integrated Development Company from 1990 to 2002. Ms. Ma served as secretary of the board of directors of Dalian Port Container Co., Ltd. from 2002 to 2005, secretary of the board of directors/company secretary of Dalian Port (PDA) Co., Ltd. from 2005 to 2010. Ms. Ma was appointed as vice president, the secretary of the Board and the Company Secretary of the Company in March 2010.

Independent Auditors' Report

ERNST & YOUNG
安 永

Ernst & Young
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

To the shareholders of Xinjiang Goldwind Science & Technology Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 62 to 195, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

To the shareholders of Xinjiang Goldwind Science & Technology Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

AUDITORS' RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
25 March 2011

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
REVENUE	5	17,475,172	10,666,505
Cost of sales		(13,453,754)	(7,908,882)
Gross profit		4,021,418	2,757,623
Other income and gains	5	665,732	335,583
Selling and distribution costs		(1,096,360)	(689,847)
Administrative expenses		(417,616)	(276,341)
Other expenses		(272,208)	(77,440)
Finance costs	7	(116,977)	(62,759)
Share of profits and losses of:			
Jointly-controlled entities	19	5,162	(289)
Associates		10,564	4,028
PROFIT BEFORE TAX	6	2,799,715	1,990,558
Income tax expense	9	(415,878)	(199,955)
PROFIT FOR THE YEAR		2,383,837	1,790,603
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		(34,553)	7,892
Others		7,078	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(27,475)	7,892
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		2,356,362	1,798,495

continued/...

	Notes	2010 RMB'000	2009 RMB'000
Profit attributable to:			
Owners of the Company		2,289,520	1,745,580
Non-controlling interests		94,317	45,023
		2,383,837	1,790,603
Total comprehensive income attributable to:			
Owners of the Company		2,262,045	1,753,472
Non-controlling interests		94,317	45,023
		2,356,362	1,798,495
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted	12	RMB0.99	RMB0.78

Consolidated Statement of Financial Position

31 December 2010

	Notes	As at 31 December 2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	3,782,767	2,440,655
Investment properties	14	88,177	80,954
Prepaid land lease payments	15	260,413	160,637
Goodwill	16	256,823	249,882
Other intangible assets	17	353,239	346,550
Investments in jointly-controlled entities	19	172,502	69,741
Investments in associates	20	89,980	47,370
Available-for-sale investments	21	60,460	9,000
Deferred tax assets	22	399,169	190,504
Prepayments	25	88,032	1,935
Derivative financial instruments	29	9,975	–
Total non-current assets		5,561,537	3,597,228
CURRENT ASSETS			
Inventories	23	4,390,716	2,853,546
Trade and bills receivables	24	7,583,129	2,919,607
Prepayments, deposits and other receivables	25	1,204,035	830,409
Derivative financial instruments	29	–	4,667
Pledged deposits	26	334,599	218,538
Cash and cash equivalents	26	9,323,600	4,458,950
Total current assets		22,836,079	11,285,717
CURRENT LIABILITIES			
Trade and bills payables	27	8,130,173	3,760,207
Other payables and accruals	28	1,952,241	2,055,786
Derivative financial instruments	29	7,546	10,746
Interest-bearing bank and other borrowings	30	1,501,526	601,892
Tax payable		422,918	212,335
Provision	31	441,793	241,297
Total current liabilities		12,456,197	6,882,263
NET CURRENT ASSETS		10,379,882	4,403,454
TOTAL ASSETS LESS CURRENT LIABILITIES		15,941,419	8,000,682

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	Notes	As at 31 December 2010 RMB'000	2009 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		15,941,419	8,000,682
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	30	1,465,314	2,022,121
Deferred tax liabilities	22	68,967	90,937
Provision	31	574,366	195,795
Government grants	32	187,359	140,588
Other long-term liabilities		14,513	23,984
Total non-current liabilities		2,310,519	2,473,425
Net assets		13,630,900	5,527,257
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	33	2,694,588	1,400,000
Reserves	34(a)	9,678,240	3,661,057
Proposed final dividend	11	916,160	140,000
		13,288,988	5,201,057
Non-controlling interests		341,912	326,200
Total equity		13,630,900	5,527,257

Wu Gang
Director

Guo Jian
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

	Attributable to owners of the Company								
	Issued share capital (note 33) RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Proposed dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 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
Total comprehensive income for the year	–	–	–	1,745,580	7,892	–	1,753,472	45,023	1,798,495
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 33(a))	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 35(ii))	–	–	–	–	–	–	–	69,610	69,610
Disposal of subsidiaries (note 36)	–	–	–	–	–	–	–	(132,724)	(132,724)
Proposed final 2009 dividend	–	–	–	(140,000)	–	140,000	–	–	–
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 year	–	–	–	2,289,520	–	–	2,289,520	94,317	2,383,837
Other comprehensive income	–	7,078	–	–	(34,553)	–	(27,475)	–	(27,475)
Total comprehensive income for the year	–	7,078	–	2,289,520	(34,553)	–	2,262,045	94,317	2,356,362
Final 2009 dividend declared	–	–	–	–	–	(140,000)	(140,000)	–	(140,000)
Profit appropriation to reserves	–	–	213,765	(213,765)	–	–	–	–	–
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	(32,565)	(32,565)
Issue of bonus shares (note 33(b))	840,000	–	–	(840,000)	–	–	–	–	–
Issue of H shares (note 33(c))	454,588	6,584,200	–	–	–	–	7,038,788	–	7,038,788
Share issue expenses	–	(284,394)	–	–	–	–	(284,394)	–	(284,394)
Capital withdrawal by non-controlling shareholders	–	–	–	–	–	–	–	(41,440)	(41,440)
Acquisition of subsidiaries (note 35(ii))	–	–	–	–	–	–	–	46,283	46,283
Disposal of subsidiaries (note 36)	–	–	–	–	–	–	–	(31,360)	(31,360)
Derecognition of a subsidiary (note 37)	–	–	–	–	–	–	–	(19,523)	(19,523)
Proposed dividend	–	–	–	(784,000)	–	784,000	–	–	–
Proposed final dividend	–	–	–	(916,160)	–	916,160	–	–	–
Dividend declared	–	–	–	–	–	(784,000)	(784,000)	–	(784,000)
Others	–	–	–	(4,508)	–	–	(4,508)	–	(4,508)
As at 31 December 2010	2,694,588	7,976,999*	481,181*	1,262,072*	(42,012)*	916,160	13,288,988	341,912	13,630,900

* As at 31 December 2010, these reserve accounts comprised the consolidated reserves of RMB9,678,240,000 (31 December 2009: RMB3,661,057,000) in the consolidated statements of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,799,715	1,990,558
Adjustments for:			
Finance costs	7	116,977	62,759
Foreign exchange differences, net	6	40,430	3,988
Bank interest income		(8,021)	(23,879)
Share of profits and losses of jointly-controlled entities	19	(5,162)	289
Share of profits and losses of associates		(10,564)	(4,028)
Depreciation	6	112,808	67,475
Amortisation of prepaid land lease payments	6	3,653	2,101
Amortisation of other intangible assets	6	50,748	12,557
Loss on disposals of items of property, plant and equipment and other intangible assets, net	6	136	9,205
Gain on disposals of subsidiaries	5	(414,724)	(189,815)
Gain on derecognition of a subsidiary	5	(29,040)	–
Gain on disposal of available-for-sale investments	5	–	(12,750)
Dividend income from available-for-sale investments	5	(15,239)	–
Gains on derivative financial instruments		(1,474)	–
Net fair value loss/(gain) on derivative financial instruments	5, 29	(8,508)	3,800
Impairment of trade and other receivables	6	186,804	31,045
Write-down of inventories to net realisable value	6	1,130	1,405
Government grants		(25,191)	(51,839)
Excess over the cost of investments in associates		–	(1,342)
		2,794,478	1,901,529
Increase in inventories		(1,442,972)	(733,366)
Increase in trade and bills receivables		(4,415,853)	(394,203)
(Increase)/decrease in prepayments, deposits and other receivables		(339,934)	98,223
Increase in trade and bills payables		3,638,495	1,069,838
Decrease in other payables and accruals		(209,697)	(659,033)
Increase in provision		583,537	305,156
Cash generated from operations		608,054	1,588,144
Income tax paid		(421,643)	(286,352)
Net cash flows from operating activities		186,411	1,301,792

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Consolidated Statement of Cash Flows

Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(2,551,897)	(1,540,105)
Additions of prepaid land lease payments		(30,764)	(95,199)
Additions of other intangible assets		(84,060)	(42,771)
Acquisitions of subsidiaries, net of cash acquired	35	63,851	(9,772)
Purchase of shareholding in jointly-controlled entities		(24,875)	(70,030)
Purchase of shareholding in associates		–	(31,608)
Purchases of available-for-sale investments		(3,100)	(1,000)
Acquisition of non-controlling interests in subsidiaries		(23,000)	–
Proceeds from disposals of items of property, plant and equipment		419	13,866
Proceeds from disposals of other intangible assets		–	7,566
Disposals of subsidiaries, net of cash disposed	36	213,036	304,834
Derecognition of a subsidiary, net of cash disposed	37	(1,087)	–
Disposals of a jointly-controlled entity		17,500	3,300
Disposals of available-for-sale investments		–	27,750
Increase in pledged deposits		(116,061)	(218,538)
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(1,200)	(80,000)
Government grants received		22,480	94,040
Interest received		8,319	21,182
Dividend received		13,588	–
Proceeds from derivative financial instruments		1,474	–
Net cash flows used in investing activities		(2,495,377)	(1,616,485)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		3,659,293	2,249,840
Repayment of bank and other borrowings		(2,023,053)	(424,500)
Interest paid		(152,707)	(69,155)
Proceeds from issue of new shares		7,038,788	–
Share issue expenses		(269,293)	–
Capital withdrawal by non-controlling shareholders		(24,388)	–
Capital contributions from non-controlling shareholders		–	22,977
Dividend paid to owners of the Company		(924,000)	(280,000)
Dividend paid to non-controlling shareholders		(25,828)	(93,867)
Net cash flows from financing activities		7,278,812	1,405,295
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,969,846	1,090,602
Cash and cash equivalents at beginning of year		4,378,950	3,286,400
Effect of foreign exchange rate changes, net		(106,396)	1,948
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	9,242,400	4,378,950

Statement of Financial Position

31 December 2010

	Notes	As at 31 December 2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	206,824	205,806
Investment properties	14	75,630	77,762
Prepaid land lease payments	15	43,808	44,159
Other intangible assets	17	47,693	22,929
Investments in subsidiaries	18	4,298,588	1,367,164
Investment in a jointly-controlled entity	19	–	17,500
Investments in associates	20	–	44,140
Available-for-sale investments	21	–	8,000
Deferred tax assets	22	206,064	93,191
Total non-current assets		4,878,607	1,880,651
CURRENT ASSETS			
Inventories	23	2,408,125	1,967,234
Trade and bills receivables	24	6,454,679	2,285,100
Prepayments, deposits and other receivables	25	1,252,368	783,211
Derivative financial instruments	29	–	4,667
Pledged deposits	26	196,307	218,538
Cash and cash equivalents	26	5,371,583	2,215,797
Total current assets		15,683,062	7,474,547
CURRENT LIABILITIES			
Trade and bills payables	27	5,648,685	2,266,854
Other payables and accruals	28	1,271,521	1,938,308
Derivative financial instruments	29	7,546	10,746
Interest-bearing bank loans	30	187,953	259,492
Tax payable		241,155	143,812
Provision	31	321,036	133,300
Total current liabilities		7,677,896	4,752,512
NET CURRENT ASSETS		8,005,166	2,722,035
TOTAL ASSETS LESS CURRENT LIABILITIES		12,883,773	4,602,686

continued/...

Statement of Financial Position

31 December 2010

	Notes	As at 31 December 2010 RMB'000	2009 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,883,773**	4,602,686
NON-CURRENT LIABILITIES			
Provision	31	**469,825**	153,209
Government grants	32	**110,031**	116,268
Total non-current liabilities		**579,856**	269,477
Net assets		**12,303,917**	4,333,209
EQUITY			
Issued share capital	33	**2,694,588**	1,400,000
Reserves	34(b)	**8,693,169**	2,793,209
Proposed final dividend	11	**916,160**	140,000
Total equity		**12,303,917**	4,333,209

Wu Gang
Director

Guo Jian
Director

Notes to Financial Statements

31 December 2010

1. CORPORATE INFORMATION

Xinjiang Goldwind Science & Technology Co., Ltd. (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"). The Company's A shares have been listed on the Shenzhen Stock Exchange from 26 December 2007, and the Company's H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited. ("Hong Kong Stock Exchange") from 8 October 2010. The registered office of the Company is located at 107 Shanghai Road, Economic & Technology Development District, Urumqi, Xinjiang, the PRC.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- Manufacture and sale of wind turbine generators and wind power components

- Development and operation 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

- Provision of wind power related consultancy, wind farm construction, maintenance and transportation services

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

2.1. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations ("IFRICs") approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance (the "Companies Ordinance"). They have been prepared under the historical cost convention, except for certain financial assets as further explained in note 2.4 to the financial statements. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1. BASIS OF PRESENTATION (continued)

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

2.1. BASIS OF PRESENTATION (continued)

Basis of consolidation (continued)

Basis of consolidation prior to 1 January 2010 (continued)

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in *Improvements to IFRSs* issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in April 2009

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), amendments to IAS 7 and IAS 17 included in *Improvements to IFRSs 2009*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 3 (Revised) *Business Combinations* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to IFRSs 2009* issued in April 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- IAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* [2]
IFRS 1 Amendments	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
IFRS 9	*Financial Instruments* [6]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]
IAS 24 (Revised)	*Related Party Disclosures* [3]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* [3]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the IASB has issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC-Int 13 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 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Further information about those changes that are expected to significantly affect the Group is as follows:

IFRS 9 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 assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In October 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt IFRS 9 from 1 January 2013.

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.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Improvements to IFRSs 2010 issued in May 2010 sets out amendments to a number of IFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) IFRS 3 *Business Combinations*: Clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) IAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) IAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if IAS 27 is applied earlier.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 income statement 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 or 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.

2.4 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 investments 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 investments 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 investments 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 investments 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 investments 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 investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combination from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Business combination from 1 January 2010 (continued)

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.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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 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;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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 licences

Purchased patents and licences 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 licence periods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Research and development costs

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

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, including prepaid land lease payments under 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 profit or loss 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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 investments, 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 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, 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 do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

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.

2.4 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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.

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 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 profit or loss- is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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; or

- 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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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 a 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.

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.

2.4 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.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 goodwill or 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 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 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 the profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the profit or loss by way of a reduced depreciation charge.

Where the Group receives a non-monetary grant, the asset and the grant are recorded at the fair value of the non-monetary asset and released to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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;

(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” below;

(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.

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 estimated total cost of the relevant contract.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contracts (continued)

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 loses 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Defined contribution plans

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

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, the 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 the end of each reporting period based on changes in circumstances.

The carrying amount of property, plant and equipment as at 31 December 2010 was approximately RMB3,782,767,000 (31 December 2009: RMB2,440,655,000). More details are given in note 13.

3. SIGNIFICANT ACCOUNTING 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 amount of goodwill as at 31 December 2010 was approximately RMB256,823,000 (31 December 2009: RMB249,882,000). More details are given in note 16.

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 amount of tax payables as at 31 December 2010 was RMB422,918,000 (31 December 2009: RMB212,335,000).

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 amount of deferred tax assets as at 31 December 2010 was RMB399,169,000 (31 December 2009: RMB190,504,000). More details are given in note 22.

The carrying amount of deferred tax liabilities as at 31 December 2010 was RMB68,967,000 (31 December 2009: RMB90,937,000). More details are given in note 22.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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.

The carrying amount of trade and bills receivables as at 31 December 2010 was RMB7,583,129,000 (31 December 2009: RMB2,919,607,000). More details are given in note 24.

Warranty provision

Provision for product warranties granted by the Group to certain products are recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate. At 31 December 2010, the best estimate of the carrying amount of warranty provision was RMB1,016,159,000 (31 December 2009: RMB437,092,000). More details are given in note 31.

4. OPERATING 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 wind turbine generator manufacturing and sale 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, which consists 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 the Group's 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. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax.

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.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 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	17,004,649	292,685	177,838	–	17,475,172
Intersegment sales	1,711,109	157,500	–	(1,868,609)	–
Total revenue	18,715,758	450,185	177,838	(1,868,609)	17,475,172
Segment results:	2,646,984	62,554	329,642	(151,297)	2,887,883
Interest income	43,625	985	1,480	(17,281)	28,809
Finance costs	(56,378)	–	(77,880)	17,281	(116,977)
Profit before tax	2,634,231	63,539	253,242	(151,297)	2,799,715
Segment assets	25,842,523	409,666	4,824,090	(2,678,663)	28,397,616
Segment liabilities	12,409,179	242,998	3,858,403	(1,743,864)	14,766,716
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	–	–	5,162	–	5,162
Associates	6,180	–	4,384	–	10,564
Depreciation and amortisation	110,154	2,395	60,710	(6,050)	167,209
Write-down of inventories to net realisable value	1,130	–	–	–	1,130
Impairment/(reversal of impairment) of trade and other receivables	134,710	(2,137)	(2,502)	56,733	186,804
Product warranty provision	780,062	–	–	(23,888)	756,174
Investments in jointly-controlled entities	–	–	298,948	(126,446)	172,502
Investments in associates	60,627	–	40,584	(11,231)	89,980
Capital expenditure[1]	891,828	7,729	2,799,392	(303,942)	3,395,007

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2009

	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	10,347,350	215,368	103,787	–	10,666,505
Intersegment sales	1,855,648	110,000	–	(1,965,648)	–
Total revenue	12,202,998	325,368	103,787	(1,965,648)	10,666,505
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	(30,896)	(427)	(31,967)	531	(62,759)
Profit before tax	2,032,639	54,491	61,523	(158,095)	1,990,558
Segment assets	12,856,741	408,894	3,027,529	(1,410,219)	14,882,945
Segment liabilities	7,449,870	297,576	2,360,626	(752,384)	9,355,688
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
Investments in jointly-controlled entities	17,500	–	52,241	–	69,741
Investments 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.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

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

Information about a major customer

For the year ended 31 December 2010, no revenue generated from any of the Group's customer had individually accounted for 10% or more of the Group's total revenue.

For the year ended 31 December 2009, revenue generated from one customer of the Group in the wind turbine generator manufacturing and sale segment amounted to RMB1,534,143,000, which had individually accounted for over 10% of the Group's total revenue.

5. 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.

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

	Notes	2010 RMB'000	2009 RMB'000
Revenue			
Sale of wind turbine generators and wind power components		17,004,649	10,347,350
Wind power services		292,685	215,368
Wind power generation		177,838	103,787
		17,475,172	10,666,505
Other income			
Bank interest income		28,809	23,879
Dividend income from available-for-sale investments		15,239	–
Gross rental income		16,023	16,879
Government grants		100,670	51,839
Value-added tax refund		7,022	1,810
Insurance compensation on product warranty expenditures		34,749	19,714
Others		3,356	7,379
		205,868	121,500
Gains			
Gain on disposals of subsidiaries, including wind farm project companies	36	414,724	189,815
Gain on derecognition of a subsidiary, a wind farm project company	37	29,040	–
Gain on disposal of available-for-sale investments		–	12,750
Gain on disposals of items of property, plant and equipment		377	93
Net fair value gain on derivative financial instruments		8,508	–
Realised gain on derivative financial instruments		1,474	8,184
Others		5,741	3,241
		459,864	214,083
		665,732	335,583

6. PROFIT BEFORE TAX

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

	Notes	2010 RMB'000	2009 RMB'000
Cost of inventories sold		13,172,640	7,708,089
Write-down of inventories to net realisable value		1,130	1,405
Depreciation (note (a)) provided for:			
Property, plant and equipment	13	110,156	65,243
Investment properties	14	2,652	2,232
		112,808	67,475
Amortisation of prepaid land lease payments	15	3,653	2,101
Amortisation of other intangible assets	17	50,748	12,557
		54,401	14,658
Impairment of trade and bills receivables	24	185,298	40,736
Impairment/(reversal of impairment) of prepayments, deposits and other receivables	25	1,506	(9,691)
		186,804	31,045
Loss on disposals of items of property, plant and equipment and other intangible assets, net		136	9,205
Minimum lease payments under operating leases of land and buildings		15,597	4,122
Auditors' remuneration		6,900	789
Employee benefit expenses (including directors' and supervisors' remuneration):			
Wages and salaries		298,047	213,701
Pension scheme contributions (defined contribution scheme) (note (b))		17,577	12,507
Welfare and other expenses		40,930	28,231
		356,554	254,439
Foreign exchange differences, net		40,430	3,988
Research and development costs:			
Staff costs		43,100	25,831
Amortisation and depreciation		3,489	3,236
Materials expenditure and others		51,790	28,528
		98,379	57,595
Product warranty provision	31	756,174	458,775

6. PROFIT BEFORE TAX (continued)

Notes:

(a) Depreciation of approximately RMB79,335,000 (2009: RMB41,837,000) is included in the cost of sales on the face of the consolidated statements of comprehensive income for the year ended 31 December 2010.

(b) As at 31 December 2010, the Group's forfeited contributions amounting to RMB7,000 (31 December 2009: RMB7,000) available to reduce its contributions to the pension schemes in future years.

7. FINANCE COSTS

	2010 RMB'000	2009 RMB'000
Interest on bank loans and other borrowings wholly repayable:		
Within five years	144,214	74,072
Above five years	33,081	28,822
	177,295	102,894
Less: Interest capitalised (note 13)	(60,318)	(40,135)
	116,977	62,759

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and supervisors' remuneration

The aggregate amounts of remuneration of the directors of the Company (the "Directors") and supervisors of the Company (the "Supervisors") during the year are as follows:

	2010 RMB'000	2009 RMB'000
Fees	275	160
Other emoluments:		
– Salaries, allowances and benefits in kind	5,136	3,818
– Performance related bonuses	6,034	6,029
– Pension scheme contributions (defined contribution scheme)	214	196
	11,659	10,203

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' and supervisors' remuneration (continued)

The names of the Directors and the Supervisors and their remuneration for the year are as follows:

Year ended 31 December 2010

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Wu Gang	–	1,865	2,058	64	3,987
Guo Jian	–	1,863	2,065	64	3,992
Wei Hongliang**	–	748	1,348	45	2,141
	–	4,476	5,471	173	10,120
Non-executive directors					
Li Ying	–	–	–	–	–
Gao Zhong	–	–	–	–	–
Liu Tongliang*	–	–	–	–	–
Lv Houjun	–	–	–	–	–
	–	–	–	–	–
Independent directors					
Wang Yousan	–	–	–	–	–
Shi Pengfei	142	–	–	–	142
Song Chang*	20	–	–	–	20
Li Man Bun**	113	–	–	–	113
	275	–	–	–	275
Supervisors					
Wang Mengqiu	–	–	–	–	–
Luo Jun	–	–	–	–	–
Wang Shiwei	–	–	–	–	–
Wang Haibo*	–	–	–	–	–
Zheng Chengjiang	–	252	268	21	541
Xiao Zhiping**	–	408	295	20	723
	–	660	563	41	1,264
	275	5,136	6,034	214	11,659

* 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.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' and supervisors' remuneration (continued)

Year ended 31 December 2009

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Wu Gang	–	1,406	2,500	64	3,970
Guo Jian	–	1,425	2,480	64	3,969
Liu Tongliang	–	388	–	17	405
	–	3,219	4,980	145	8,344
Non-executive directors					
Li Ying	–	–	–	–	–
Gao Zhong	–	–	–	–	–
Lv Houjun	–	–	–	–	–
	–	–	–	–	–
Independent directors					
Wang Yousan	–	–	–	–	–
Shi Pengfei	80	–	–	–	80
Song Chang	80	–	–	–	80
	160	–	–	–	160
Supervisors					
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
	160	3,818	6,029	196	10,203

* 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.

8. 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 year is as follows:

	2010	2009
Directors	2	2
Non-director and non-supervisor employees	3	3
	5	5

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

	2010 RMB'000	2009 RMB'000
Salaries, allowances and benefits in kind	2,736	2,248
Performance related bonuses	6,643	6,727
Pension scheme contributions	70	71
	9,449	9,046

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

	2010	2009
HK$3,000,001 to HK$3,500,000	2	2
HK$3,500,001 to HK$4,000,000	–	1
HK$4,000,001 to HK$4,500,000	1	–

During the year, 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.

9. INCOME TAX EXPENSE

Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for the Company's overseas subsidiaries 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 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 25% during the year.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

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.

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 PRC Corporate Income Tax Law.

	2010 RMB'000	2009 RMB'000
Current		
– Mainland China	541,462	255,332
– Germany	96,626	33,597
	638,088	288,929
Deferred (note 22)	(222,210)	(88,974)
Tax charge for the year	415,878	199,955

9. INCOME TAX EXPENSE (continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate applicable to the Company to the income tax expense at the Group's effective income tax rate is as follows:

	2010 RMB'000	2009 RMB'000
Profit before tax	**2,799,715**	1,990,558
Income tax charge at the statutory income tax rate of 25%	**699,929**	497,639
Effect of different income tax rates for overseas entities	**9,799**	5,578
Tax exemption	**(266,312)**	(298,144)
Tax losses not recognised	**15,245**	485
Income not subject to tax	**(3,810)**	–
Expenses not deductible for tax purposes	**9,117**	4,337
Additional tax deduction to research and development expenditure	**(13,221)**	(7,589)
Profits and losses attributable to jointly-controlled entities	**(1,291)**	(72)
Profits and losses attributable to associates	**(2,641)**	1,007
Others	**(30,937)**	(3,286)
Tax charge for the year at the effective rate	**415,878**	199,955

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year includes a profits of approximately RMB2,140,883,000 (2009: RMB1,093,390,000), which has been dealt with in the financial statements of the Company (note 34(b)).

11. DIVIDENDS

	2010 RMB'000	2009 RMB'000
Dividend per ordinary share	**784,000**	–
Proposed final dividend of RMB0.34 (2009: RMB0.1) per ordinary share	**916,160**	140,000
	1,700,160	140,000

11. DIVIDENDS (continued)

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount for the year is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,315,764,667 (2009: 2,240,000,000) in issue during the year.

	2010 RMB'000	2009 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**2,289,520**	1,745,580

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation, after taking into consideration of the issuance of the new shares from the beginning of the year up to the date of these financial statement	**2,315,764,667**	2,240,000,000*

The Company did not have any dilutive potential ordinary shares during the year.

- The number of ordinary shares in issue during 2009 had been adjusted to take into account the bonus issued during the year ended 31 December 2010.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Year ended 31 December 2010					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2010	372,801	696,513	24,049	67,564	1,359,748	2,520,675
Additions	8,013	95,989	13,126	32,890	2,495,895	2,645,913
Acquisitions of subsidiaries (notes 35(i) and (ii))	191,093	108,202	4,509	6,760	199,109	509,673
Disposals	(16)	(181)	(2,122)	(1,861)	–	(4,180)
Disposals of subsidiaries (note 36)	–	(1,103,863)	(1,538)	(478)	(282,085)	(1,387,964)
Derecognition of a subsidiary (note 37)	–	–	–	(888)	(289,581)	(290,469)
Transfers	111,347	1,273,281	7,494	10,721	(1,402,843)	–
Transferred to investment properties (note 14)	(12,002)	–	–	–	–	(12,002)
Exchange realignment	(9,248)	(5,230)	(384)	(2,188)	–	(17,050)
At 31 December 2010	661,988	1,064,711	45,134	112,520	2,080,243	3,964,596
Accumulated depreciation and impairment:						
At 1 January 2010	(18,098)	(38,980)	(4,312)	(18,630)	–	(80,020)
Depreciation charge for the year (note 6)	(13,240)	(76,923)	(3,727)	(16,266)	–	(110,156)
Disposals	–	33	726	763	–	1,522
Acquisitions of subsidiaries (notes 35(i) and (ii))	(10,966)	(27,059)	(673)	(1,661)	–	(40,359)
Disposals of subsidiaries (note 36)	–	42,789	263	108	–	43,160
Derecognition of a subsidiary (note 37)	–	–	–	91	–	91
Transferred to investment properties (note 14)	2,127	–	–	–	–	2,127
Exchange realignment	455	612	138	601	–	1,806
At 31 December 2010	(39,722)	(99,528)	(7,585)	(34,994)	–	(181,829)
Net carrying amount:						
At 31 December 2010	622,266	965,183	37,549	77,526	2,080,243	3,782,767
At 1 January 2010	354,703	657,533	19,737	48,934	1,359,748	2,440,655

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Year ended 31 December 2009					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total 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 35(ii))	–	–	1,165	567	77,002	78,734
Disposals	(226)	(104,275)	(2,702)	(1,966)	(1,658)	(110,827)
Disposals of subsidiaries (note 36)	(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	372,801	696,513	24,049	67,564	1,359,748	2,520,675
Accumulated depreciation:						
At 1 January 2009	(8,783)	(32,903)	(2,860)	(8,714)	–	(53,260)
Depreciation charge for the year (note 6)	(9,838)	(43,077)	(1,960)	(10,368)	–	(65,243)
Acquisitions of subsidiaries (note 35(ii))	–	–	(105)	(40)	–	(145)
Disposals	19	15,742	423	1,345	–	17,529
Disposals of subsidiaries (note 36)	1,444	22,429	396	159	–	24,428
Exchange realignment	(940)	(1,171)	(206)	(1,012)	–	(3,329)
At 31 December 2009	(18,098)	(38,980)	(4,312)	(18,630)	–	(80,020)
Net carrying amount:						
At 31 December 2009	354,703	657,533	19,737	48,934	1,359,748	2,440,655
At 1 January 2009	342,002	757,092	11,124	33,836	159,374	1,303,428

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Year ended 31 December 2010					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2010	91,082	98,756	6,063	16,683	29,654	242,238
Additions	–	12,623	248	5,229	4,117	22,217
Disposals	–	(7)	–	(18)	–	(25)
Transfers	–	33,543	–	–	(33,543)	–
At 31 December 2010	91,082	144,915	6,311	21,894	228	264,430
Accumulated depreciation:						
At 1 January 2010	(5,831)	(21,797)	(1,468)	(7,336)	–	(36,432)
Depreciation charge for the year	(2,534)	(14,822)	(586)	(3,243)	–	(21,185)
Disposals	–	5	–	6	–	11
At 31 December 2010	(8,365)	(36,614)	(2,054)	(10,573)	–	(57,606)
Net carrying amount:						
At 31 December 2010	82,717	108,301	4,257	11,321	228	206,824
At 1 January 2010	85,251	76,959	4,595	9,347	29,654	205,806

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Year ended 31 December 2009					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total 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	4,359	11,139	–	19	(15,517)	–
At 31 December 2009	91,082	98,756	6,063	16,683	29,654	242,238
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	–	15,722	10	1,218	–	16,950
At 31 December 2009	(5,831)	(21,797)	(1,468)	(7,336)	–	(36,432)
Net carrying amount:						
At 31 December 2009	85,251	76,959	4,595	9,347	29,654	205,806
At 1 January 2009	82,139	101,153	4,236	9,158	10,213	206,899

The carrying amounts of machinery and construction in progress of the Group included capitalised interest of approximately RMB60,318,000 (2009: RMB40,135,000) charged for the year ended 2010 (note 7) prior to being transferred to machinery.

As at 31 December 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 RMB14,439,000. 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 does not have any significant impact on the Group's financial position as at 31 December 2010.

13. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2010, certain of the Group's property, plant and equipment with carrying values of approximately RMB1,997,866,000 (31 December 2009: RMB1,574,101,000) were an aggregate pledged to secure certain of the Group's bank and other borrowings (note 30).

14. INVESTMENT PROPERTIES

Group

	2010 RMB'000	2009 RMB'000
Cost:		
At beginning of the year	85,995	79,472
Transfer from property, plant and equipment (note 13)	12,002	–
Transfer from prepaid land lease payments (note 15)	–	6,523
At end of the year	97,997	85,995
Accumulated depreciation:		
At beginning of the year	(5,041)	(2,534)
Depreciation charge for the year (note 6)	(2,652)	(2,232)
Transfer from property, plant and equipment (note 13)	(2,127)	–
Transfer from prepaid land lease payments (note 15)	–	(275)
At end of the year	(9,820)	(5,041)
Net carrying amount:		
At end of the year	88,177	80,954
At beginning of the year	80,954	76,938

14. INVESTMENT PROPERTIES (continued)

Company

	2010 RMB'000	2009 RMB'000
Cost:		
At beginning of the year	82,041	75,518
Transfer from prepaid land lease payments (note 15)	–	6,523
At end of the year	82,041	82,041
Accumulated depreciation:		
At beginning of the year	(4,279)	(1,961)
Depreciation charge for the year	(2,132)	(2,043)
Transfer from prepaid land lease payments (note 15)	–	(275)
At end of the year	(6,411)	(4,279)
Net carrying amount:		
At end of the year	75,630	77,762
At beginning of the year	77,762	73,557

The Group's investment properties were valued on 31 December 2010 by Jones Lang LaSalle Sallmanns, an independent professionally qualified valuer, at approximately RMB175,811,000 (31 December 2009: RMB150,750,000), 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 39(a).

As at 31 December 2010, certain of the Group's investment properties with an aggregate carrying values of approximately RMB32,663,000 (31 December 2009: RMB33,559,000) were pledged to secure certain of the Group's letter of guarantees.

15. PREPAID LAND LEASE PAYMENTS

Group

	2010 RMB'000	2009 RMB'000
Carrying amount at beginning of the year	160,637	79,112
Additions	30,764	95,199
Acquisitions of subsidiaries (note 35(i))	85,645	–
Transfer to investment properties (note 14)	–	(6,248)
Disposals of subsidiaries (note 36)	(12,980)	(5,325)
Amortisation for the year (note 6)	(3,653)	(2,101)
Carrying amount at end of the year	260,413	160,637

Company

	2010 RMB'000	2009 RMB'000
Carrying amount at beginning of the year	44,159	31,002
Additions	623	20,152
Transfer to investment properties (note 14)	–	(6,248)
Amortisation for the year	(974)	(747)
Carrying amount at end of the year	43,808	44,159

As at 31 December 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 RMB8,333,000. 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 does not have any significant impact on the Group's financial position as at 31 December 2010.

As at 31 December 2010, certain of the Group's land use rights with carrying values of approximately RMB60,220,000 (31 December 2009: Nil) were pledged to secure certain of the Group's bank loans (note 30).

16. GOODWILL

Group

	2010 RMB'000	2009 RMB'000
Cost and carrying amount at beginning of the year	**249,882**	240,195
Acquisitions of subsidiaries (note 35 (i)(ii))	**31,596**	6,252
Exchange realignment	**(24,655)**	3,435
Cost and carrying amount at end of the year	**256,823**	249,882

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

The recoverable amount of the wind turbine generator manufacturing and sale 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 11.10%.

Key assumptions were used in the value in use calculation of the wind turbine generator manufacturing and sale cash-generating unit for 31 December 2010 and 2009. 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.

17. OTHER INTANGIBLE ASSETS

Group

	Year ended 31 December 2010			
	Technology licence RMB'000	Office software RMB'000	Patent RMB'000	Total RMB'000
Cost:				
At 1 January 2010	8,165	13,977	363,292	385,434
Additions	–	11,372	72,688	84,060
Acquisitions of subsidiaries (note 35(i))	–	1,656	1,543	3,199
Exchange realignment	–	(184)	(32,767)	(32,951)
At 31 December 2010	8,165	26,821	404,756	439,742
Accumulated amortisation:				
At 1 January 2010	(2,755)	(3,856)	(32,273)	(38,884)
Amortisation for the year (note 6)	(712)	(3,395)	(46,641)	(50,748)
Acquisitions of subsidiaries (note 35(i))	–	(222)	–	(222)
Exchange realignment	–	102	3,249	3,351
At 31 December 2010	(3,467)	(7,371)	(75,665)	(86,503)
Net carrying amount:				
At 31 December 2010	4,698	19,450	329,091	353,239
At 1 January 2010	5,410	10,121	331,019	346,550

17. OTHER INTANGIBLE ASSETS (continued)

Group

	Year ended 31 December 2009			
	Technology licence RMB'000	Office software RMB'000	Patent RMB'000	Total 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 36)	–	(425)	–	(425)
Exchange realignment	–	31	7,244	7,275
At 31 December 2009	8,165	13,977	363,292	385,434
Accumulated amortisation:				
At 1 January 2009	(7,155)	(2,453)	(19,893)	(29,501)
Amortisation for the year (note 6)	(1,625)	(1,590)	(9,342)	(12,557)
Disposals	6,025	154	–	6,179
Disposal of a subsidiary (note 36)	–	45	–	45
Exchange realignment	–	(12)	(3,038)	(3,050)
At 31 December 2009	(2,755)	(3,856)	(32,273)	(38,884)
Net carrying amount:				
At 31 December 2009	5,410	10,121	331,019	346,550
At 1 January 2009	10,194	5,273	304,600	320,067

17. OTHER INTANGIBLE ASSETS (continued)

Company

	Year ended 31 December 2010			
	Technology licence RMB'000	Office software RMB'000	Patent RMB'000	Total RMB'000
Cost:				
At 1 January 2010	8,165	7,417	12,844	28,426
Additions	–	9,386	18,294	27,680
At 31 December 2010	8,165	16,803	31,138	56,106
Accumulated amortisation:				
At 1 January 2010	(2,756)	(2,600)	(141)	(5,497)
Amortisation for the year	(713)	(1,852)	(351)	(2,916)
At 31 December 2010	(3,469)	(4,452)	(492)	(8,413)
Net carrying amount:				
At 31 December 2010	4,696	12,351	30,646	47,693
At 1 January 2010	5,409	4,817	12,703	22,929

17. OTHER INTANGIBLE ASSETS (continued)

Company

	Year ended 31 December 2009			
	Technology licence RMB'000	Office software RMB'000	Patent RMB'000	Total 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	8,165	7,417	12,844	28,426
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	(2,756)	(2,600)	(141)	(5,497)
Net carrying amount:				
At 31 December 2009	5,409	4,817	12,703	22,929
At 1 January 2009	10,334	4,426	3,666	18,426

18. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Unlisted investments, at cost	4,298,588	1,367,164

Particulars of all subsidiaries of the Company are as follow:

Company name*	Place and date of incorporation/ operations	Nominal value of authorised/ issued and fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd. (北京金風科創風電設備有限公司)	The PRC/Mainland China 13 February 2006	RMB990,000,000	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)	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")	Germany 18 May 2006	EUR350,000	100	–	Investment holding
Vensys Energy AG	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	Germany 13 November 1998	EUR100,000	–	63	Provision of technical services and manufacture and sale of wind power equipment and accessories

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	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	
Vensys Windenergie Geschäftsführungs GmbH	Germany 10 November 2009	EUR25,000	–	70	Investment holding
Vensys Windpark Tholey GmbH & Co. KG	Germany 10 November 2009	EUR200,000	–	70	Construction and operation of wind farm
Vensys Windpark Wagenfeld Betriebsgesellschaft mbH & Co. KG	Germany 13 October 2009	EUR200,000	–	66.5	Construction and operation of wind farm
Vensys Windpark Wagenfeld Verwaltungs-GmbH	Germany 10 December 2009	EUR25,000	–	66.5	Investment holding
Beijing Tianrun New Energy Investment Co., Ltd. ("Beijing Tianrun") (北京天潤新能投資有限公司)	The PRC/Mainland China 11 April 2007	RMB481,600,000	100	–	Investment holding
Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd. (北京天源科創風電技術有限責公司)	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)	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)	The PRC/Mainland China 26 March 2008	RMB88,600,000	100	–	Manufacture and sale of wind power equipment and accessories

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	Note	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)		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)		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)	(i)	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)		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司)		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)		The PRC/Mainland China 13 November 2009	RMB615,000,000	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)		The PRC/Mainland China 22 December 2009	RMB14,500,000	100	–	Transportation agent
Goldwind USA, Inc.		United States of America 30 November 2009	US$3,600,000	100	–	Manufacture and sale of wind power equipment and accessories

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	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	
Goldwind Australia Pty Ltd.	Australia 21 December 2009	AUD2,100,000	100	–	Manufacture and sale of wind power equipment and accessories
Shangdu Tianrun Wind Power Co., Ltd. (商都縣天潤風電有限公司)	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)	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)	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)	The PRC/Mainland China 2 March 2009	RMB64,000,000	–	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)	The PRC/Mainland China 6 March 2009	RMB30,000,000	–	100	Construction and operation of wind farm
Sunite Youqi Tianrunlong Wind Power Co., Ltd. (蘇尼特右旗天潤龍風電有限公司)	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)	The PRC/Mainland China 7 December 2007	RMB75,000,000	–	86	Construction and operation of wind farm

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	Note	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	
Tongyu Fuhui Wind Energy Co., Ltd. (通榆富匯風能有限公司)	(i)	The PRC/Mainland China 15 July 2009	RMB200,000,000	–	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)		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)		The PRC/Mainland China 15 November 2004	RMB80,000,000	–	100	Construction and operation of wind farm
TianRun USA, Inc.		United States of America 10 June 2009	US$1,500,000	–	100	Investment holding
TianRun Uilk, LLC ("TianRun Uilk")		United States of America 24 March 2009	US$1,500,000	–	100	Construction and operation of wind farm
Uilk Wind Farm LLC		United States of America 6 February 2008	US$1,930,307	–	97	Construction and operation of wind farm
TianRun Shady Oaks, LLC	(iii)	United States of America 23 September 2010	–	–	100	Construction and operation of wind farm
GSG6, LLC	(ii)	United States of America 24 June 2005	–	–	100	Construction and operation of wind farm
E Min Tianrun Wind Power Co., Ltd. (額敏天潤風電有限公司)		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)		The PRC/Mainland China 27 October 2009	RMB2,000,000	–	100	Construction and operation of wind farm

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	Note	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	
Tianrun Australia Pty. Ltd.	(iii)	Australia 3 March 2010	AUD19,120,000	–	100	Investment holding and provision of wind farm technical services and maintenance services
Mortons Lane Windfarm Pty. Ltd. ("Mortons Lane")	(ii)	Australia 7 April 2007	AUD71,919	–	100	Construction and operation of wind farm
Shuozhou Pinglu Tianhui Wind power Co., Ltd. ("Shuozhou PingLu") (朔州市平魯區天匯風電有限公司)	(ii)	The PRC/Mainland China 30 October 2009	RMB20,000,000	–	99.5	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)		The PRC/Mainland China 24 November 2009	RMB65,000,000	–	96.15	Construction and operation of wind farm
Chifeng Shengfeng New Energy Co., Ltd. (赤峰市盛風新能源有限公司)	(iii)	The PRC/Mainland China 2 April 2010	RMB30,500,000	–	96.15	Construction and operation of wind farm
Chifeng Shenghua New Energy Co., Ltd. (赤峰市盛華新能源有限公司)	(iii)	The PRC/Mainland China 2 April 2010	RMB30,500,000	–	96.15	Construction and operation of wind farm
Ulan Qab Goldwind Wind Power Equipment Co., Ltd. (烏蘭察布市金風風電設備有限公司)	(iii)	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)	(iii)	The PRC/Mainland China 9 June 2010	RMB28,000,000	100	–	Manufacture and sale of wind power equipment and accessories

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	Note	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	
Fuxin Goldwind Wind Power Equipment Manufacture Co., Ltd. (阜新金風風電設備製造有限公司)	(iii)	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)	(iii)	The PRC/Mainland China 29 June 2010	RMB1,000,000	–	100	Provision of wind farm construction and related services
Goldwind Investment Holding Co.,Ltd. ("Goldwind Investment") (金風投資控股有限公司)	(iii)	The PRC/Mainland China 2 August 2010	RMB1,000,000,000	100	–	Investment holding
Tellhow Wind Power Blade Jiang Su Co., Ltd. ("Tellhow Jiangsu") (天和風電葉片江蘇有限公司)	(ii)	The PRC/Mainland China 26 December 2007	RMB153,606,674	–	100	Manufacture and sale of wind power equipment and accessories
Tellhow Wind Power Blade Inner Mongolia Co., Ltd. ("Tellhow Inner Mongolia") (天和風電葉片內蒙古有限公司)	(ii)	The PRC/Mainland China 13 June 2008	RMB60,500,274	–	100	Manufacture and sale of wind power equipment and accessories
Hami Goldwind Wind Power Equipment Manufacture Co., Ltd. (哈密金風風電設備有限公司)	(iii)	The PRC/Mainland China 16 September 2010	RMB10,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Inner Mongolia Jieyuan Wind Energy Electricity Co., Ltd. ("Inner Mongolia Jieyuan") (內蒙古潔源風能發電有限責任公司)	(ii)	The PRC/Mainland China 16 October 2007	RMB50,000,000	–	90.4	Construction and operation of wind farm

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	Note	Place and date of incorporation/ operations	Nominal value of authorised/ issued and fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Percentage of equity interest attributable to the Company Indirect	Principal activities
Xiaxian Tianrun Wind Power Co., Ltd. (夏縣天潤風電有限公司)	(iii)	The PRC/Mainland China 21 October 2010	RMB1,000,000	–	100	Construction and operation of wind farm
Shanxi Yulong Group You Niuxinbao Wind Power Co.,Ltd. ("Shanxi Youyu") (山西玉龍集團右玉牛心堡風力發電有限公司)	(i)(ii)	The PRC/Mainland China 25 November 2008	RMB60,000,000	–	51	Construction and operation of wind farm
Jinzhou Quanyi New Energy Wind Power Co., Ltd. ("Jinzhou Quanyi") (錦州全一新能源風能有限公司)	(ii)	The PRC/Mainland China 11 June 2007	RMB50,000,000	–	51	Construction and operation of wind farm
Qingdao Runlai Wind Power Co., Ltd. (青島潤萊風力發電有限公司)	(iii)	The PRC/Mainland China 28 December 2010	RMB2,000,000	–	100	Construction and operation of wind farm

* 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.

(i) 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. However, according to the articles of association of the companies, 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, 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 31 December 2010. 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 31 December 2010.

(ii) These subsidiaries were acquired by the Group during the year ended 31 December 2010.

(iii) These subsidiaries were registered by the Group during the year ended 31 December 2010.

19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Share of net assets	172,502	69,741

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Unlisted investment, at cost	–	17,500

The Group's trade receivable and other receivable balances due from the jointly-controlled entities and the Group's other payable balances due to the jointly-controlled entities are disclosed in notes 24, 25 and 28 to the financial statements.

19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

Particulars of the jointly-controlled entities of the Group are as follow:

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. (甘南縣富匯風能有限公司)		The PRC/ Mainland China 3 July 2009	RMB2,000,000	–	51	Construction and operation of wind farm
Jilin Tongli Wind Power Co.,Ltd. (吉林同力風力發電有限公司)		The PRC/ Mainland China 1 June 2006	RMB96,000,000	–	51	Construction and operation of wind farm
Shanghai Yicheng Electric Power Engineering Co., Ltd. (上海頤成電力工程有限公司)		The PRC/ Mainland China 18 May 2009	RMB5,000,000	–	51	Construction and operation of wind farm and other industrial architecture
Qianguo Fuhui Wind Energy Co., Ltd. ("Qianguo Fuhui") (前郭富匯風能有限公司)	(i)	The PRC/ Mainland China 26 March 2007	RMB95,000,000	–	51	Construction and operation of wind farm
Shuozhou Pinglu Tianrui Wind Energy Co., Ltd. (朔州市平魯區天瑞風電有限公司)		The PRC/ Mainland China 25 October 2010	RMB8,000,000	–	40	Construction and operation of wind farm
Damao Qi Tianrun Wind Power Co., Ltd. ("Damao Qi Tianrun") (達茂旗天潤風電有限公司)	(ii)	The PRC/ Mainland China 26 July 2007	RMB101,000,000	–	51	Construction and operation of wind farm

* 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.

(i) On 16 June 2010, the Subsidiary (as defined in note 18(i) 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 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 these financial statements, the aforesaid intended equity disposal transaction has yet to be completed.

(ii) On 29 December 2010, the Subsidiary disposed of its 49% equity interest in Damao Qi Tianrun to an independent third party. Therefore, from the date of disposal onward, Damao Qi Tianrun has been accounted for as a jointly-controlled entity of the Group.

19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

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

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**135,054**	151,841
Non-current assets	**949,286**	20,058
Current liabilities	**(231,094)**	(158)
Non-current liabilities	**(680,744)**	(102,000)
Net assets	**172,502**	69,741

	2010	2009
	RMB'000	RMB'000
Share of the jointly-controlled entities' results:		
Revenue	**12,119**	881
Cost of sales	**(3,222)**	(281)
Total expenses	**(3,735)**	(876)
Tax	**–**	(13)
Profit/(loss) after tax	**5,162**	(289)

20. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Share of net assets	**89,980**	47,370

20. INVESTMENTS IN ASSOCIATES (continued)

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Unlisted investments, at cost	–	44,140

The Group's balances of trade receivables, prepayments and other receivable and trade payable with the associates are disclosed in notes 24, 25 and 27 to the financial statements, respectively.

Particulars of the associates of the Group are as follow:

Company name*	Note	Place and date of incorporation/ operations	Nominal value of issued and fully paid-up capital	Percentage of equity interest attributable to the Company: Direct	Percentage of equity interest attributable to the Company: Indirect	Principal activities
Hebei Goldwind Electric Equipment Co., Ltd. (河北金風電控設備有限公司)		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. (江西金力永磁科技有限公司)		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
Buerjin Tianrun Wind Power Co., Ltd. ("Buerjin Tianrun") (布林津縣天潤風電有限公司)	(i)	The PRC/ Mainland China 21 September 2007	RMB57,500,000	–	40	Construction and operation of wind farm

* 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.

(i) On 30 September 2010, the Subsidiary (as defined in note 18(i) above) disposed of its 60% equity interest in Buerjin Tianrun to two independent third parties. Therefore, from the date of disposal onward, Buerjin Tianrun has been accounted for as an associate of the Group.

20. INVESTMENTS IN ASSOCIATES (continued)

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

	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000
The associates' financial position:		
Current assets	436,345	57,305
Non-current assets	426,743	162,471
Current liabilities	(304,257)	(21,349)
Non-current liabilities	(299,960)	(27,770)
Net assets	258,871	170,657

	2010 RMB'000	2009 RMB'000
The associates' operating results:		
Revenue	287,588	53,486
Profit	52,252	13,584

21. AVAILABLE-FOR-SALE INVESTMENTS

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Unlisted equity investments at cost	60,460	9,000

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Unlisted equity investments at cost	–	8,000

The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at 31 December 2010 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.

22. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

Group

	2010	2009
	RMB'000	RMB'000
At beginning of the year, net	99,567	16,332
Disposals of subsidiaries (note 36)	(61)	(419)
Deferred tax credited to profit or loss during the year (note 9)	222,210	88,974
Exchange realignment	8,486	(5,320)
At end of the year, net	330,202	99,567

22. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (continued)

Company

	2010 RMB'000	2009 RMB'000
At beginning of the year, net	93,191	54,524
Deferred tax credited to profit or loss during the year	112,873	38,667
At end of the year, net	206,064	93,191

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	
	2010 RMB'000	2009 RMB'000
Deferred tax assets:		
Provision for impairment of assets	57,378	29,649
Difference in amortisation for tax purposes	1,814	999
Provisions and accruals	195,723	92,226
Government grants received not yet recognised as income	4,051	3,297
Unrealised gains arising from intra-group sales	132,927	63,511
Others	7,276	822
Gross deferred tax assets	399,169	190,504
Deferred tax liabilities:		
Excess of fair values of identifiable assets and liabilities over carrying values in acquisition of a subsidiary in 2008	56,566	73,760
Others	12,401	17,177
Gross deferred tax liabilities	68,967	90,937
Net deferred tax assets	330,202	99,567

22. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (continued)

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Deferred tax assets:		
Provision for impairment of assets	**54,522**	27,027
Difference in amortisation for tax purposes	**1,814**	999
Provisions and accruals	**145,176**	62,017
Government grants received not yet recognised as income	**1,727**	2,868
Others	**2,825**	280
Gross deferred tax assets	**206,064**	93,191
Net deferred tax assets	**206,064**	93,191

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

23. INVENTORIES

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Raw materials	1,959,335	927,554
Work in progress	1,520,661	1,239,104
Finished and semi-finished goods	788,563	543,912
Consigned processing materials	112,002	137,597
Low-value consumables and others	10,155	5,379
	4,390,716	2,853,546

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Raw materials	969,274	588,257
Work in progress	1,007,173	1,037,300
Finished and semi-finished goods	336,739	233,651
Consigned processing materials	94,546	107,350
Low-value consumables and others	393	676
	2,408,125	1,967,234

24. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade receivables	6,888,428	2,624,662
Bills receivable	517,758	209,799
Retention money receivables	549,034	272,182
Provision for impairment	(372,091)	(187,036)
	7,583,129	2,919,607

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade receivables	6,063,648	1,996,877
Bills receivable	249,639	202,381
Retention money receivables	496,942	237,508
Provision for impairment	(355,550)	(151,666)
	6,454,679	2,285,100

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-interesting bearing.

24. TRADE AND BILLS RECEIVABLES (continued)

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	
	2010	2009
	RMB'000	RMB'000
Within 3 months	4,143,724	1,453,034
3 to 6 months	979,376	398,581
6 months to 1 year	1,361,589	484,080
1 to 2 years	795,912	455,656
2 to 3 years	217,852	107,439
Over 3 years	84,676	20,817
	7,583,129	2,919,607

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within 3 months	3,599,857	962,740
3 to 6 months	894,674	384,502
6 months to 1 year	1,058,764	391,922
1 to 2 years	616,969	417,966
2 to 3 years	200,555	107,153
Over 3 years	83,860	20,817
	6,454,679	2,285,100

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	As at 31 December 2010 RMB'000
Neither past due nor impaired	3,183,937
Less than 3 months past due	454,382
3 to 6 months past due	572,663
	4,210,982

Company

	As at 31 December 2010 RMB'000
Neither past due nor impaired	2,784,437
Less than 3 months past due	309,585
3 to 6 months past due	562,775
	3,656,797

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 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.

As at 31 December 2009, all the Group's trade receivables were either individually or collectively considered to be impaired.

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	2010 RMB'000	2009 RMB'000
At beginning of the year	187,036	148,843
Impairment losses recognised (note 6)	308,464	126,583
Impairment losses reversed (note 6)	(123,166)	(85,847)
Disposals of subsidiaries	–	(2,594)
Exchange realignment	(243)	51
At end of the year	372,091	187,036

Company

	2010 RMB'000	2009 RMB'000
At beginning of the year	151,666	128,618
Impairment losses recognised	302,520	93,254
Impairment losses reversed	(98,636)	(70,206)
At end of the year	355,550	151,666

The amounts due from Xinjiang Wind Power Company Limited ("Xinjiang Wind Power") (新疆風能有限責任公司), the 14.36%-owned shareholder of the Company, jointly-controlled entities and an associate included in the trade and bills receivables are as follows:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
14.36%-owned shareholder of the Company	14,395	68,175
Jointly-controlled entities	186,743	–
Associates	1,820	–
	202,958	68,175

24. TRADE AND BILLS RECEIVABLES (continued)

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 2010, the Group's trade receivables amounting to RMB40,418,000 (31 December 2009: RMB42,183,000) were pledged to secure certain of the Group's bank loans (note 30).

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Advance to suppliers	**589,230**	736,593
Prepayments	**4,325**	8,503
Deposits and other receivables	**703,421**	92,547
Provision for impairment	**(4,909)**	(5,299)
	1,292,067	832,344
Portion classified as non-current assets	**(88,032)**	(1,935)
Current portion	**1,204,035**	830,409

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Advance to suppliers	**454,435**	449,730
Prepayments	**–**	4,810
Deposits and other receivables	**801,368**	352,691
Provision for impairment	**(3,435)**	(24,020)
	1,252,368	783,211

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

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

Group

	2010 RMB'000	2009 RMB'000
At beginning of the year	5,299	14,894
Impairment losses recognised (note 6)	5,710	20,444
Impairment losses reversed (note 6)	(4,204)	(30,135)
Amounts written off as uncollectible	(1,780)	–
Disposals of subsidiaries	–	(33)
Exchange realignment	(116)	129
At end of the year	4,909	5,299

Company

	2010 RMB'000	2009 RMB'000
At beginning of the year	24,020	9,327
Impairment losses recognised	3,137	17,378
Impairment losses reversed	(23,722)	(2,685)
At end of the year	3,435	24,020

The amounts due from Xinjiang Wind Power, the 14.36%-owned shareholder of the Company, the Group's jointly-controlled entities and associates included in the prepayments, deposits and other receivables are as follows:

	2010 RMB'000	2009 RMB'000
14.36%-owned shareholder of the Company	–	1,560
Jointly-controlled entities	91,323	–
Associates	139,008	–
	230,331	1, 560

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

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Cash and bank balances	**7,158,170**	2,576,460
Time deposits	**2,500,029**	2,101,028
	9,658,199	4,677,488
Less: Pledged time deposits for		
– bank loans (note 30(b))	**(196,307)**	(218,538)
– uncompleted transaction	**(138,292)**	–
	(334,599)	(218,538)
Cash and cash equivalents in the consolidated financial statements	**9,323,600**	4,458,950
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(81,200)**	(80,000)
Cash and cash equivalents in the consolidated statements of cash flows	**9,242,400**	4,378,950
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**6,516,930**	4,469,305
– other currencies	**3,141,269**	208,183
	9,658,199	4,677,488

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Cash and bank balances	**3,821,616**	1,470,293
Time deposits	**1,746,274**	964,042
	5,567,890	2,434,335
Less: Pledged time deposits for		
– bank loans (note 30(b))	**(196,307)**	(218,538)
Cash and cash equivalents	**5,371,583**	2,215,797
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**3,202,834**	2,429,920
– other currencies	**2,365,056**	4,415
	5,567,890	2,434,335

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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.

27. TRADE AND BILLS PAYABLES

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade payables	**4,647,602**	1,997,643
Bills payables	**3,482,571**	1,762,564
	8,130,173	3,760,207

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade payables	**3,046,429**	1,219,036
Bills payables	**2,602,256**	1,047,818
	5,648,685	2,266,854

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

27. TRADE AND BILLS PAYABLES (continued)

An aged analysis of the Group's trade and bills payables, based on the invoice date, as at the reporting date is as follows:

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within 3 months	6,375,994	3,142,625
3 to 6 months	1,533,364	478,464
6 months to 1 year	132,383	66,212
1 to 2 years	79,389	70,852
2 to 3 years	7,298	893
Over 3 years	1,745	1,161
	8,130,173	3,760,207

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within 3 months	4,629,213	1,838,631
3 to 6 months	957,817	328,839
6 months to 1 year	17,730	28,529
1 to 2 years	35,004	68,892
2 to 3 years	7,241	802
Over 3 years	1,680	1,161
	5,648,685	2,266,854

27. TRADE AND BILLS PAYABLES (continued)

The amounts due to Xinjiang Wind Power, the 14.36%-owned shareholder of the Company and the Group's associates included in the trade and bills payables are as follows:

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
14.36%-owned shareholder of the Company	128	–
Associates	108,062	16,473
	108,190	16,473

28. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Advances from customers	1,039,514	1,814,295
Accrued salaries, wages and benefits	131,451	129,142
Other taxes payable	429,443	16,600
Others	351,833	95,749
	1,952,241	2,055,786

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Advances from customers	865,313	1,671,584
Accrued salaries, wages and benefits	50,160	76,051
Other taxes payable	304,968	182,736
Others	51,080	7,937
	1,271,521	1,938,308

28. OTHER PAYABLES AND ACCRUALS (continued)

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

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Jointly-controlled entities	**13,808**	190,003

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

29. DERIVATIVE FINANCIAL INSTRUMENTS

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Assets		
Current Assets:		
Forward currency contracts	**–**	4,667
Non-current Assets:		
Power price swap contract	**9,975**	–
Liabilities		
Current Liabilities:		
Forward currency contracts	**7,546**	10,746

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Assets		
Current Assets:		
Forward currency contracts	**–**	4,667
Liabilities		
Current Liabilities:		
Forward currency contracts	**7,546**	10,746

The carrying amounts of the derivative financial instruments are the same as their fair values.

The Company entered into forward currency contracts with Bank of China to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of these non-hedging currency derivatives amounting to RMB1,467,000 (2009: RMB3,800,000) were charged to profit or loss for the year.

During the year, TianRun Shady Oaks LLC, a newly established subsidiary of the Company, entered into a power price swap agreement with Commonwealth Edison Company. Changes in the fair value of these non-hedging derivatives amounting to RMB9,975,000 were credited to profit or loss for the year.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	As at 31 December 2010			As at 31 December 2009		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	1.26-5.58	2011	881,425	6.61-7.56	2010	72,499
– Secured	1.70-3.38	2011	187,953	1.33-7.00	2010	224,492
Current portion of other borrowings:						
– Secured	–	–	–	7.00	2010	2,902
Current portion of long term bank loans:						
– Unsecured	2.40-3.96	2011	325,989	6.61-7.56	2010	35,000
– Secured	5.76-6.72	2011	106,159	1.33-7.00	2010	266,999
			1,501,526			601,892
Non-current						
Long term bank loans:						
– Unsecured	3.96-5.84	2012-2024	152,881	5.35-7.00	2011	356,026
– Secured	2.10-6.72	2012-2024	1,312,433	2.44	2011-2021	1,633,801
Long term other borrowings:						
– Secured	–	–	–	7.00	2011-2018	32,294
			1,465,314			2,022,121
			2,966,840			2,624,013
Interest-bearing bank and other borrowings denominated in:						
– RMB			2,353,498			1,935,800
– Euro			452,123			646,948
– United States dollar			161,219			41,265
			2,966,840			2,624,013

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Company

	As at 31 December 2010			As at 31 December 2009		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Secured	1.70-3.38	2011	187,953	1.33-1.99	2010	224,492
Current portion of long term bank loans:						
– Unsecured	–	–	–	6.61-7.56	2010	35,000
			187,953			259,492
Interest-bearing bank loans denominated in:						
– RMB			–			35,000
– Euro			72,431			183,227
– United States dollar			115,522			41,265
			187,953			259,492

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The maturity profile of the interest-bearing bank and other borrowings as at 31 December 2010 and 2009 is as follows:

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	1,501,526	598,990
In the second year	191,943	454,527
In the third to fifth years, inclusive	374,420	408,000
Above five years	898,951	1,127,300
	2,966,840	2,588,817
Other borrowings repayable		
Within one year	–	2,902
In the second year	–	3,110
In the third to fifth years, inclusive	–	10,946
Above five years	–	18,238
	–	35,196
	2,966,840	2,624,013

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	187,953	259,492

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group's bank loans of approximately RMB2,307,998,000 (31 December 2009: RMB2,609,013,000) at 31 December 2010 were secured or guaranteed as follows:

(a) Certain of the Group's bank loans amounting to approximately RMB1,351,000,000 (31 December 2009: RMB1,900,800,000) as at 31 December 2010 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 2010, the aggregate carrying values of the property, plant and equipment and the receivables under the electricity charge amounted to RMB1,852,669,000 (31 December 2009: RMB1,517,803,000) (note 13) and RMB40,418,000 (31 December 2009: RMB42,183,000) (note 24), respectively.

(b) Certain of the Group's bank loans amounting to approximately RMB187,953,000 (31 December 2009: RMB224,492,000) as at 31 December 2010 were secured by pledge of certain of the Group's bank deposits amounting to approximately RMB196,307,000 (31 December 2009: RMB218,538,000) (note 26) as at 31 December 2010.

(c) Certain of the Group's bank loans amounting to RMB20,000,000 as at 31 December 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.

(d) Certain of the bank loans of one of the Company's subsidiaries, Goldwind Windenergy, amounting to approximately EUR36,340,000 (equivalent to approximately RMB320,028,000) (31 December 2009: EUR36,340,000 (equivalent to approximately RMB356,027,000)) as at 31 December 2010, 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 2010 and 2009.

(e) Certain of the bank loans of one of the Company's subsidiaries, Goldwind Windenergy, amounting to EUR5,400,000 (equivalent to approximately RMB47,555,000) (31 December 2009: EUR7,400,000 (equivalent to approximately RMB72,498,000)) as at 31 December 2010, were 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 2010 and 2009.

(f) The Group's bank loan amounting to EUR1,375,000 (equivalent to approximately RMB12,109,000) as at 31 December 2010 were secured by mortgages over certain of the Group's property, plant and equipment of a carrying value aggregating to RMB17,517,000 as at 31 December 2010 (note 13).

(g) The Group's other borrowings amounting to EUR3,593,000 (equivalent to RMB35,196,000) as at 31 December 2009 were secured by mortgages over certain of the Group's property, plant and equipment at a carrying value aggregating to RMB56,298,000 as at 31 December 2009 (note 13). The other borrowings were fully repaid during the year of 2010.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group's bank loans of approximately RMB2,307,998,000 (31 December 2009: RMB2,609,013,000) at 31 December 2010 were secured or guaranteed as follows (continued):

(h) Certain of the bank loans of Tellhow Jiangsu, one of the subsidiaries that the Group acquired in 2010, amounting to approximately RMB55,483,000 as at 31 December 2010, were guaranteed by the third parties, Nanjing Xiexin Domestic Sludge Power Generation Co., Ltd. ("Nanjing Xiexin") (南京協鑫生活污泥發電有限公司) and Suzhou Chongwen Power Investment Co., Ltd. (蘇州崇文電力投資有限公司) and were secured by mortgages over certain of its own's property, plant and equipment and land use rights of the carrying values aggregating to RMB127,680,000 (note 13) and RMB60,220,000 (note 15), respectively.

(i) Certain of the bank loans of Tellhow Jiangsu, amounting to approximately RMB333,870,000 as at 31 December 2010, were guaranteed by Nanjing Xiexin, a third party.

31. PROVISION

The Group generally provides two to five 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

	2010 RMB'000	2009 RMB'000
At beginning of the year	437,092	131,312
Provision made (note 6)	756,174	458,775
Amounts utilised	(172,637)	(153,447)
Exchange realignment	(4,470)	452
At end of the year	1,016,159	437,092
Portion classified as current liabilities	(441,793)	(241,297)
Non-current portion	574,366	195,795

31. PROVISION (continued)

Company

	2010 RMB'000	2009 RMB'000
At beginning of the year	286,509	110,746
Provision made	649,924	311,652
Amounts utilised	(145,572)	(135,889)
At end of the year	790,861	286,509
Portion classified as current liabilities	(321,036)	(133,300)
Non-current portion	469,825	153,209

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

32. GOVERNMENT GRANTS

Group

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Government grants	187,359	140,588

Company

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Government grants	110,031	116,268

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.

32. GOVERNMENT GRANTS (continued)

The movements of government grants during the year were as follows:

Group

	2010 RMB'000	2009 RMB'000
At beginning of the year	**140,588**	98,387
Additions	**39,632**	61,664
Acquisition of subsidiaries (note 35(i))	**32,330**	–
Recognised as income during the year	**(25,191)**	(19,463)
At end of the year	**187,359**	140,588

Company

	2010 RMB'000	2009 RMB'000
At beginning of the year	**116,268**	78,841
Additions	**11,893**	56,890
Recognised as income during the year	**(18,130)**	(19,463)
At end of the year	**110,031**	116,268

33. ISSUED SHARE CAPITAL

	As at 31 December			
	2010		2009	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000
Shares				
Registered, issued and fully paid:				
A shares of RMB1.00 each	2,194,541	2,194,541	1,400,000	1,400,000
H shares of RMB1.00 each	500,047	500,047	–	–
	2,694,588	2,694,588	1,400,000	1,400,000

During the year, the movements in the share capital were as follows:

	2010		2009	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000
At beginning of the year	1,400,000	1,400,000	1,000,000	1,000,000
Issue of bonus shares	840,000(b)	840,000(b)	400,000(a)	400,000(a)
Public offer of H shares	454,588(c)	454,588(c)	–	–
State legal person shares converted into H shares	(45,459)(c)	(45,459)(c)	–	–
H shares converted from state Legal person shares	45,459(c)	45,459(c)		
At end of the year	2,694,588	2,694,588	1,400,000	1,400,000

33. ISSUED SHARE CAPITAL (continued)

Notes:

(a) 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 four bonus shares for every ten 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.

(b) 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 six bonus shares for every ten 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.

(c) During the period from 27 September to 30 September 2010, the Company issued 395,294,000 H shares. These new H shares together with 39,529,400 shares as transferred by the state legal person shareholder of the Company to the PRC National Council for Social Security Fund ("NSSF") for the reduction of state-owned shares which have been converted into H shares were listed on The Hong Kong Stock Exchange on 8 October 2010. On 12 October 2010, the over-allotment option of H shares was exercised in full and an additional 59,294,000 H shares were issued to the public, these additional H shares together with 5,929,400 shares additionally transferred to NSSF for the reduction of state-owned shares which have been converted into H shares were listed on The Hong Kong Stock Exchange on 21 October 2010.

The issue price of the H shares was HK$17.98 per share. The gross proceeds excluding share issue expenses received from the issue of 454,588,000 H shares amounted to RMB6,754,394,000. Part of the proceeds amounting to RMB454,588,000 was credited as issued share capital, and the remaining balance of the proceeds of RMB6,299,806,000 was credited to capital reserve. The registered capital of the Company increased from RMB2,240,000,000 to RMB2,694,588,000, accordingly, upon completion of the issue of the new shares.

34. 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 current and prior year on page 66 of these financial statements.

34. RESERVES (continued)

(b) Company

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Proposed dividend RMB'000	Total RMB'000
At 1 January 2009	1,669,546	157,300	407,872	280,000	2,514,718
Total comprehensive income (note 10)	–	–	1,093,390	–	1,093,390
Final 2008 dividend declared	–	–	–	(280,000)	(280,000)
Profit appropriation to reserve	–	109,663	(109,663)	–	–
Issue of bonus shares (note 33(a))	–	–	(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	1,670,115*	267,416*	855,678*	140,000	2,933,209
Profit for the year (note 10)	–	–	2,140,883	–	2,140,883
Other comprehensive income	(569)	–	–	–	(569)
Total comprehensive income	(569)	–	2,140,883	–	2,140,314
Final 2009 dividend declared	–	–	–	(140,000)	(140,000)
Profit appropriation to reserves	–	213,765	(213,765)	–	–
Issue of bonus shares (note 33(b))	–	–	(840,000)	–	(840,000)
Issue of H shares	6,584,200	–	–	–	6,584,200
Share issue expenses	(284,394)	–	–	–	(284,394)
Proposed dividend	–	–	(784,000)	784,000	–
Proposed final dividend	–	–	(916,160)	916,160	–
Dividend declared	–	–	–	(784,000)	(784,000)
At 31 December 2010	7,969,352*	481,181*	242,636*	916,160	9,609,329

* As at 31 December 2010, these reserve amounts comprise the reserves of RMB8,693,169,000 (31 December 2009: RMB2,793,209,000) in the statements of financial position.

35. ACQUISITION OF SUBSIDIARIES

(i) Tellhow Jiangsu and Tellhow Inner Mongolia

On 26 November 2010, one of the Company's subsidiaries, Goldwind Investment, entered into a share purchase agreement with Xiexin Wind Power Holdings Co., Ltd. ("Xiexin Holdings") and Shanghai Guoneng Investment Co., Ltd. ("Shanghai Guoneng"), two independent third parties, to acquire a total of 100% equity interests in Tellhow Jiangsu (85% and 15% from Xiexin Holdings and Shanghai Guoneng, respectively) and 25% equity interest in Tellhow Inner Mongolia from Xiexin Holdings at a cash consideration of RMB168,800,000. As Tellhow Jiangsu holds 75% equity interest in Tellhow Inner Mongolia, Goldwind Investment holds 100% equity interest in Tellhow Jiangsu and 100% equity interest in Tellhow Inner Mongolia upon the completion of acquisition. Tellhow Jiangsu and Tellhow Inner Mongolia (collectively referred to as "Tellhow Group") are engaged in manufacture and sale of blade for wind power equipment. They are two of the blade suppliers of the Group. In the opinion of the Directors, the effective acquisition date was 22 December 2010 the day when Goldwind Investment obtained the controlling voting right over the operating and financial decision making of Tellhow Group.

The fair values of the identifiable assets and liabilities of Tellhow Group as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** RMB'000
Property, plant and equipment, net	13	269,018
Prepaid land lease payments	15	85,645
Other intangible assets, net	17	2,977
Inventories		178,343
Trade and bills receivables		136,987
Prepayments, deposits and other receivables		91,806
Cash and cash equivalents		119,515
Available-for-sale investments		30,000
Trade and bills payables		(223,578)
Other payables and accruals		(31,969)
Tax payable		(101)
Interest-bearing bank loans		(479,353)
Government grants	32	(32,330)
Total identifiable net assets at fair value		146,960
Goodwill on acquisition	16	21,840
Satisfied by cash		168,800

35. ACQUISITION OF SUBSIDIARIES (continued)

(i) Tellhow Jiangsu and Tellhow Inner Mongolia (continued)

An analysis of the cash inflow in respect of the acquisition of Tellhow Group is as follows:

	RMB'000
Cash and cash equivalents paid	–
Cash and cash equivalents acquired	119,515
Net inflow of cash and cash equivalents included in cash flows from investing activities	119,515

(ii) Others

In addition to the acquisition of Tellhow Group above, certain equity interests in subsidiaries now comprising the Group were acquired from third parties for the purpose of expanding business during the years ended 31 December 2010 and 2009. 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:

2010

Company name	Acquisition date	Percentage of interest acquired	Cash consideration
Shuozhou Pinglu	June 2010	99%	RMB9,900,000
Inner Mongolia Jieyuan	July 2010	55.6%	RMB6,000,000
Shanxi Youyu	October 2010	51%	RMB30,600,000
Jinzhou Quanyi	November 2010	51%	RMB12,500,000
Mortons Lane	November 2010	100%	AUD1,600,000
GSG 6, LLC	December 2010	100%	US$13,500,000

35. ACQUISITION OF SUBSIDIARIES (continued)

(ii) Others (continued)

2009

Company name	Acquisition date	Percentage of interest acquired	Cash consideration
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 New Energy Co., Ltd. ("Chifeng Huifeng") (赤峰市匯風新能源有限公司)	November 2009	51%	RMB32,640,000

The fair values of the identifiable assets and liabilities of the above-mentioned other subsidiaries acquired as at the dates of acquisition are as follows:

	Notes	Fair value recognised on acquisition 2010 RMB'000	2009 RMB'000
Property, plant and equipment, net	13	200,296	78,589
Prepayments, deposits and other receivables		36,198	52,075
Cash and cash equivalents		36,272	100,836
Trade and bills payables		(22,164)	(257)
Other payables and accruals		(54,927)	(57,277)
Total identifiable net assets at fair value		195,675	173,966
Non-controlling interests		(46,283)	(69,610)
Goodwill on acquisition	16	9,756	6,252
Satisfied by cash		159,148	110,608

35. ACQUISITION OF SUBSIDIARIES (continued)

(ii) Others (continued)

An analysis of cash flows in respect of the acquisitions of other subsidiaries is as follows:

	2010 RMB'000	2009 RMB'000
Cash and cash equivalents paid	91,936	110,608
Cash and cash equivalents acquired	(36,272)	(100,836)
Net outflow of cash and cash equivalents included in cash flows from investing activities	55,664	9,772

(iii) Acquirees' contributions

Contributions of Tellhow Group and other acquirees to the Group's revenue and the Group's profit before tax for the years ended 31 December 2010 and 2009 between the dates of acquisition and the year end dates of the respective years are as follows:

	2010 RMB'000	2009 RMB'000
Contributions to:		
Group's revenue	–	–
Group's profit before tax	(2,546)	(3)

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

	2010 RMB'000	2009 RMB'000
Group's revenue	17,603,707	10,666,505
Group's profit before tax	2,745,792	1,990,550

36. DISPOSALS OF SUBSIDIARIES

(i) On 1 July 2010, the Group disposed of its 51% shareholding interest in Chifeng Huifeng to two independent third parties, for a consideration in the form of cash of RMB49,666,000.

(ii) On 31 October 2010, the Group disposed of its 100% shareholding interest in Chifeng Runfeng Wind Power Equipment Co., Ltd. ("Chifeng Runfeng") (赤峰市潤風風電設備有限公司) to an independent third party, for a consideration in the form of cash of RMB4,000,000.

(iii) On 30 September 2010, the Group disposed of its 60% shareholding interest in Buerjin Tianrun to two independent third parties for a total consideration in the form of cash of RMB54,300,000.

(iv) On 29 December 2010, the Group disposed of its 49% shareholding interest in Damao Qi Tianrun to one independent third party for a consideration in the form of cash of RMB209,349,000.

(v) On 31 March 2009, the Group disposed of its 48% shareholding interest in Keshiketengqi Huifeng New Energy Co., Ltd. (克什克騰旗匯風新能源有限責任公司) to two independent third parties for a consideration in the form of cash of RMB90,365,000.

(vi) 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.

Except for the Chifeng Runfeng, who was engaged in manufacture and sale of wind power equipment and accessories, the other disposed subsidiaries during the years ended 31 December 2010 and 2009 were engaged in wind farm operation.

36. DISPOSALS OF SUBSIDIARIES (continued)

The net assets of the subsidiaries disposed of during the years ended 31 December 2010 and 2009 were as follows:

	Notes	2010 RMB'000	2009 RMB'000
Net assets disposed of:			
Property, plant and equipment, net	13	1,344,804	540,307
Inventories		9	–
Prepaid land lease payments	15	12,980	5,325
Other intangible assets, net	17	–	380
Other non-current assets		–	512
Cash and cash equivalents		76,729	32,753
Trade receivables		136,615	55,663
Prepayments, deposits and other receivables		170,766	14,251
Trade payables		(160,552)	(12,314)
Other payables		(124,448)	(12,126)
Tax payable		(796)	30,704
Interest-bearing bank loans		(1,372,538)	(533,000)
Deferred tax assets	22	61	419
Non-controlling interests		(31,360)	(132,724)
		52,270	(9,850)
Fair value of net assets not disposed of and remained as investments in jointly-controlled entities		(149,679)	(3,300)
Gain on disposals of subsidiaries	5	414,724	189,815
Total consideration		317,315	176,665
Satisfied by cash		317,315	176,665

36. DISPOSALS OF SUBSIDIARIES (continued)

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

	2010 RMB'000	2009 RMB'000
Cash consideration	317,315	176,665
Cash and cash equivalents disposed of	(76,729)	(32,753)
(Cash consideration receivable at year end)/settlement of prior year's unsettled receivable, net	(27,550)	160,922
Net inflow of cash and cash equivalents in respect of the disposals of subsidiaries	213,036	304,834

37. DERECOGNITION OF A SUBSIDIARY

As set out in note 19(i), the Group lost control of Qianguo Fuhui during the year with the following impact on financial information:

	Notes	2010 RMB'000
Net assets derecognised:		
Property, plant and equipment, net	13	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		(19,523)
		(38,945)
Unrealised profit accounted for as deferred income (note)		9,905
Gain on derecognition of a subsidiary	5	29,040
		–
Outflow of cash and cash equivalents in respect of the derecognition of a subsidiary		1,087

Note: As at the date of derecognition of QianguoFuhui, the unrealised profit on the Company's previous sales of wind turbine generators and wind power components to Qianguo Fuhui has been eliminated against the Group's remaining investment in Qianguo Fuhui and the portion of such unrealised profit in excess of the remaining investment in Qianguo Fuhui has been carried to deferred income. Subsequently, such deferred income has been fully eliminated against the increase in the investment in Qianguo Fuhui.

38. CONTINGENT LIABILITIES

At 31 December 2010, contingent liabilities not provided for in the financial statements were as follows:

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Letters of credit issued	489,500	176,507
Letters of guarantee issued	4,993,230	3,645,669
Guarantee given to a bank in connection with a bank loan granted to a third party and a jointly-control entity	298,000	21,000
	5,780,730	3,843,176

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Letters of credit issued	333,545	170,869
Letters of guarantee issued	4,545,706	3,597,286
Guarantee given to banks in connection with bank loans granted to a third party and a subsidiary	67,781	21,000
	4,947,032	3,789,155

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.

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company leases its investment properties (note 14) and certain equipment under operating lease arrangements, with leases negotiated for terms ranging from one to five years. At 31 December 2010 and 2009, 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	
	2010	2009
	RMB'000	RMB'000
Within one year	15,644	14,522
In the second to fifth years, inclusive	17,119	30,726
	32,763	45,248

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within one year	14,100	14,100
In the second to fifth years, inclusive	16,450	30,550
	30,550	44,650

39. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

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

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within one year	12,276	5,990
In the second to fifth years, inclusive	8,029	5,862
Beyond five years	4,770	–
	25,075	11,852

40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group and the Company had the following capital commitments as at 31 December 2010 and 2009:

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment and land use rights	1,431,785	609,041
Authorised, but not contracted for:		
Property, plant and equipment and land use rights	1,130,766	397,833
Jointly-controlled entities	31,400	–
	2,593,951	1,006,874

40. COMMITMENTS (continued)

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**2,210**	4,251
Authorised, but not contracted for:		
Equity investments	**730,314**	–
	732,524	4,251

In addition, the Group's share of a jointly-controlled entity's own capital commitments, which is not included in the above, is as follow:

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**91,511**	–

41. RELATED PARTY TRANSACTIONS

(a) The Group had the following significant transactions with related parties during the year:

	2010 RMB'000	2009 RMB'000
Continuing transactions		
14.36%-owned shareholder of the Company:		
Sales of wind turbine generators and spare parts	481	124,256
Processing services	1,980	–
	2,461	124,256
Associates:		
Purchases of spare parts and processing services	132,821	24,763
Jointly-controlled entities:		
Sales of wind turbine generators	222,549	–

Non-continuing transaction:

The bank loan of one of the Group's jointly-controlled entities, Damao Qi Tianrun, amounting to RMB277,000,000 as at 31 December 2010 was guaranteed by Beijing Tianrun, one of the Company's subsidiaries. The management of the Company plans to release this guarantee before the end of year 2011.

In May and July 2009, the Company disposed of eleven experimental wind turbine generators to Xinjiang Wind Power, the 14.36%-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.

41. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 24, 25, 27 and 28 of these financial statements.

(c) Compensation of key management personnel of the Group

Save as disclosed in note 8 of these financial statements above, no remuneration has been paid or is payable in respect of the year ended 31 December 2010, by the Company or any of its subsidiaries now comprising the Group, to the Directors.

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Short-term employee benefits	**31,003**	28,950
Pension scheme contributions	**420**	418
	31,423	29,368

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Financial assets		
Financial assets at fair value through profit or loss:		
Derivative financial instruments	9,975	4,667
Loans and receivables:		
Trade and bills receivables	7,583,129	2,919,607
Financial assets included in prepayments, deposits and other receivables	362,480	87,248
Pledged deposits	334,599	218,538
Cash and cash equivalents	9,323,600	4,458,950
	17,603,808	7,684,343
Available-for-sale financial assets:		
Available-for-sale investments	60,460	9,000
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	7,546	10,746
Financial liabilities at amortised cost:		
Trade and bills payables	8,130,173	3,760,207
Financial liabilities included in other payables and accruals	351,833	95,749
Interest-bearing bank and other borrowings	2,966,840	2,624,013
Other long-term liabilities	14,513	23,984
	11,463,359	6,503,953

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Financial assets		
Financial assets at fair value through profit or loss:		
Derivative financial instruments	–	4,667
Loans and receivables:		
Trade and bills receivables	6,454,679	2,285,100
Financial assets included in prepayments, deposits and other receivables	797,933	328,671
Pledged deposits	196,307	218,538
Cash and cash equivalents	5,371,583	2,215,797
	12,820,502	5,048,106
Available-for-sale financial assets:		
Available-for-sale investments	–	8,000
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	7,546	10,746
Financial liabilities at amortised cost:		
Trade and bills payables	5,648,685	2,266,854
Financial liabilities included in other payables and accurals	51,080	7,937
Interest-bearing bank loans	187,953	259,492
	5,887,718	2,534,283

43. FAIR VALUE AND FAIR VALUE HIERARCHY

Group

	Carrying amounts As at 31 December		Fair Values As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial Assets				
Pledged deposits	**334,599**	218,538	**334,599**	218,538
Cash and cash equivalents	**9,323,600**	4,458,950	**9,323,600**	4,458,950
Derivative financial instruments	**9,975**	4,667	**9,975**	4,667
Trade and bills receivables	**7,583,129**	2,919,607	**7,583,129**	2,919,607
Financial assets in prepayments, deposits and other receivables	**362,480**	87,248	**362,480**	87,248
Available-for-sale investments	**60,460**	9,000	**60,460**	9,000
	17,674,243	7,698,010	**17,674,243**	7,698,010
Financial liabilities				
Derivative financial instruments	**7,546**	10,746	**7,546**	10,746
Trade and bills payables	**8,130,173**	3,760,207	**8,130,173**	3,760,207
Financial liabilities included in other payables	**351,833**	95,749	**351,833**	95,749
Interest-bearing bank and other borrowings	**2,966,840**	2,624,013	**2,966,892**	2,624,020
Other long-term liabilities	**14,513**	23,984	**14,513**	23,984
	11,470,905	6,514,699	**11,470,957**	6,514,706

43. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Company

	Carrying amounts As at 31 December		Fair Values As at 31 December	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Financial Assets				
Pledged deposits	196,307	218,538	196,307	218,538
Cash and cash equivalents	5,371,583	2,215,797	5,371,583	2,215,797
Derivative financial instruments	–	4,667	–	4,667
Trade and bills receivables	6,454,679	2,285,100	6,454,679	2,285,100
Financial assets in prepayments, deposits and other receivables	797,933	328,671	797,933	328,671
Available-for-sale investments	–	8,000	–	8,000
	12,820,502	5,060,773	12,820,502	5,060,773
Financial liabilities				
Derivative financial instruments	7,546	10,746	7,546	10,746
Trade and bills payables	5,648,685	2,266,854	5,648,685	2,266,854
Financial liabilities included in other payables	51,080	7,937	51,080	7,937
Interest-bearing bank loans	187,953	259,492	187,953	259,492
	5,895,264	2,545,029	5,895,264	2,545,029

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 2.4 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 RMB22,281,000 (2009: RMB23,643,000) for the year ended 31 December 2010, and there would be 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 the 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 Euro, United States dollar and Hong Kong Dollar.

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

Group

	As at 31 December					
	2010			2009		
	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000
Trade receivables	–	4,905	–	–	5,058	–
Prepayments, deposits and other receivables	49,797	–	–	2,926	–	–
Cash and cash equivalents	94,045	25,498	2,276,871	1	13,935	–
Trade payables	(150,358)	(139,548)	–	(3,804)	–	–
Other payables	–	–	–	–	–	–
Interest-bearing bank loans	(72,431)	(115,522)	–	(183,227)	(178,205)	–
	(78,947)	(224,667)	2,276,871	(184,104)	(159,212)	–

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Company

	As at 31 December					
	2010			2009		
	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Hong Kong Dollar RMB'000
Trade receivables	–	4,905	–	–	5,058	–
Prepayments, deposits and other receivables	49,797	–	–	–	–	–
Cash and cash equivalents	88,105	–	2,276,871	1	4,415	–
Trade payables	(149,140)	(9,533)	–	–	–	–
Interest-bearing bank loans	(72,431)	(115,522)	–	(183,227)	(178,205)	–
	(83,669)	(120,150)	2,276,871	(183,226)	(168,732)	–

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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis

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

	2010 RMB'000	2009 RMB'000
If RMB weakens against Euro	(7,895)	(18,410)
If RMB strengthens against Euro	7,895	18,410
If RMB weakens against United States dollar	(22,467)	(15,921)
If RMB strengthens against United States dollar	22,467	15,921
If RMB weakens against Hong Kong dollar	227,687	–
If RMB strengthens against Hong Kong dollar	(227,687)	–

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

	2010 RMB'000	2009 RMB'000
If RMB weakens against Euro	(6,770)	(15,662)
If RMB strengthens against Euro	6,770	15,662
If RMB weakens against United States dollar	(18,399)	(13,676)
If RMB strengthens against United States dollar	18,399	13,676
If RMB weakens against Hong Kong dollar	193,534	–
If RMB strengthens against Hong Kong dollar	(193,534)	–

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis (continued)

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

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
If RMB weakens against Euro	(7,112)	(15,574)
If RMB strengthens against Euro	7,112	15,574
If RMB weakens against United States dollar	(10,213)	(14,342)
If RMB strengthens against United States dollar	10,213	14,342
If RMB weakens against Hong Kong dollar	193,534	–
If RMB strengthens against Hong Kong dollar	(193,534)	–

The sensitivity analysis above has been determined assuming that the change in foreign currency rates had occurred on 31 December 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 year. The sensitivity analysis is performed on the same basis for the year.

(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 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

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 statement 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 an amount up to RMB15,488,648,000 as at 31 December 2010, of which an amount of approximately RMB10,042,778,000 has been utilised.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

The maturity profile of the Group's and the Company's financial liabilities as at the end of reporting period based on the contractual undiscounted payments, is as follows:

Group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2010					
Interest-bearing bank loans	1,501,526	191,943	374,421	898,950	2,966,840
Interest payments on bank loans	115,326	76,961	192,756	215,911	600,954
Trade and bills payables	8,130,173	–	–	–	8,130,173
Derivative financial instruments	7,546	–	–	–	7,546
Financial liabilities included in other payables and accruals	351,833	–	–	–	351,833
Other long-term liabilities	–	14,513	–	–	14,513
	10,106,404	283,417	567,177	1,114,861	12,071,859
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 and accruals	95,749	–	–	–	95,749
Other long-term liabilities	–	–	23,984	–	23,984
	4,584,342	554,191	682,604	1,389,101	7,210,238

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

The maturity profile of the Group's and the Company's financial liabilities as at the end of reporting period based on the contractual undiscounted payments, is as follows (continued):

Company

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2010					
Interest-bearing bank loans	187,953	–	–	–	187,953
Interest payments on bank loans	3,100	–	–	–	3,100
Trade and bills payable	5,648,685	–	–	–	5,648,685
Derivative financial instruments	7,546	–	–	–	7,546
Financial liabilities included in other payables and accruals	51,080	–	–	–	51,080
	5,898,364	–	–	–	5,898,364
31 December 2009					
Interest-bearing bank loans	259,492	–	–	–	259,492
Interest payments on bank loans	3,637	–	–	–	3,637
Trade and bills payable	2,266,854	–	–	–	2,266,854
Derivative financial instruments	10,746	–	–	–	10,746
Financial liabilities included in other payables	7,937	–	–	–	7,937
	2,548,666	–	–	–	2,548,666

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

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

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 and accruals, 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.

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 ends of reporting periods are as follows:

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management (continued)

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade and bills payables (note 27)	**8,130,173**	3,760,207
Other payables and accruals (note 28)	**1,952,241**	2,055,786
Interest-bearing bank and other borrowings (note 30)	**2,966,840**	2,624,013
Other long-term liabilities	**14,513**	23,984
Less: Cash and cash equivalents (note 26)	**(9,323,600)**	(4,458,950)
Pledged deposits (note 26)	**(334,599)**	(218,538)
Net debt	**3,405,568**	3,786,502
Equity attributable to owners of the Company	**13,288,988**	5,201,057
Capital and net debt	**16,694,556**	8,987,559
Gearing ratio	**20.40%**	42.13%

45. APPROVAL OF THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of director on 25 March 2011.

Financial Highlights for the Past Four Financial Year

(Except share data, all amounts in RMB thousands)

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December			
	2007	2008	2009	2010
REVENUE	3,089,045	6,417,271	10,666,505	**17,475,172**
PROFIT BEFORE TAX	621,676	1,146,094	1,990,558	**2,799,715**
Income tax expense	8,084	(120,898)	(199,955)	**(415,878)**
PROFIT FOR THE YEAR	629,760	1,025,196	1,790,603	**2,383,837**
Profit attributable to:				
Owners of the Company	624,643	906,407	1,745,580	**2,289,520**
Non-controlling interests	5,117	118,789	45,023	**94,317**
OTHER COMPREHENSIVE INCOME	1,824	(24,328)	7,892	**(27,475)**
TOTAL COMPREHENSIVE INCOME	631,584	1,000,868	1,798,495	**2,356,362**
EARNINGS PER SHARE:				
Basic and diluted (RMB/Share)	0.31	0.40	0.78	**0.99**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			
	2007	2008	2009	2010
Cash and cash equivalents	2,679,663	3,286,400	4,458,950	**9,323,600**
Current assets	4,913,679	9,060,678	11,285,717	**22,836,079**
Non-current assets	553,892	2,150,158	3,597,228	**5,561,537**
Total assets	5,467,571	11,210,836	14,882,945	**28,397,616**
Current liabilities	(2,274,549)	(5,503,639)	(6,882,263)	**(12,456,197)**
Non-current liabilities	(244,108)	(1,569,532)	(2,473,425)	**(2,310,519)**
Total liabilities	(2,518,657)	(7,073,171)	(9,355,688)	**(14,766,716)**
Net assets	2,948,914	4,137,665	5,527,257	**13,630,900**
Issued share capital	500,000	1,000,000	1,400,000	**2,694,588**
Reserves	2,333,252	2,442,484	3,661,057	**9,678,240**
Equity attributable to owners of the Company	2,883,252	3,722,484	5,201,057	**13,288,988**
Non-controlling interests	65,662	415,181	326,200	**341,912**

GOLDWIND

新疆金风科技股份有限公司
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.