GOLDWIND

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

INTERIM REPORT 2011

Innovating for a

Brighter Tomorrow

* For identification purpose only

Contents

Company Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Gang *(Chairman)*
Mr. Guo Jian

Non-executive Directors

Mr. Li Ying *(Vice Chairman)*
Mr. Gao Zhong
Mr. Lv Houjun

Independent Non-executive Directors

Mr. Wang Yousan
Mr. Shi Pengfei
Dr. Tin Yau Kelvin Wong

SUPERVISORS

Mr. Wang Mengqiu
(Chairman of the Supervisory Committee)
Mr. Wang Shiwei
Mr. Luo Jun
Mr. Zheng Chengjiang
Mr. Xiao Zhiping

COMPANY SECRETARY

Ms. Ma Jinru

PLACE OF BUSINESS

In the PRC

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

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.com.cn

Management Discussion and Analysis

I. INDUSTRY REVIEW

In 2011, China inaugurated its Twelfth Five-Year Plan, pursuant to which the development and effective use of clean energy is one of the key guiding policies. The wind power industry will be an important part of the clean energy sector. The State Grid Corporation of China (the "**State Grid**") announced that its connection capacity of wind power will exceed 90GW by the end of the Twelfth Five-Year Plan, and 150GW by 2020. In the long run, the issue of wind power installation outpacing power grid construction is expected to be gradually resolved.

Following several years of accelerated growth, the international and domestic wind power industries have slowed. The severe macroeconomic environment in the first half of 2011 brought further challenges to the transforming wind power industry. Continued tightening monetary policy constrained the ability of wind farm developers to finance projects, limiting their development and profitability, which consequently brought increasing pressure on the production and operation of wind turbine generator ("**WTG**") manufacturers.

1. Changes of Industry Policy

During the first half of 2011, the sustainability of the strategy for grid construction and wind farm development have been under review. The National Development and Reform Commission ("**NDRC**"), the National Energy Bureau, and the State Grid have issued several new regulations in order to promote the simultaneous growth of grid construction and wind farm development, enhance wind power grid connection technology, improve quality and technology standards, and promote the consolidation and transformation of the wind power industry. Meanwhile, the development of distributed power generation has also been placed on the national agenda.

The introduction of these industry policies will have a significant short-term impact on the whole industry. However, the wind power industry remains an important source of renewable energy. In addition to addressing the traditional issues of energy shortage and environmental pollution, wind power provides an important substitute for conventional power generation during the restructuring of energy mix, and can also stimulate economic growth and employment. Therefore, the long-term outlook for the wind power industry is positive. The introduction of these industry policies will further standardize the wind power industry, leading the industry to improve product quality and become healthier, more orderly, and more sustainable.

1) Tightening Grid Connection Approvals, Enhancing the Management of Grid Connection Technology

In response to several large scale WTG outages in China in the first half of 2011, the State Grid, China's State Electricity Regulatory Commission, and the Northwest China Grid Company Limited issued various notices and stipulated a series of new technology criteria and standards. According to the *Urgent Notice of Related Issues Regarding the Management of Wind Farm Grid Connections System* (關於風電場接入系統管理有關問題的緊急通知) issued by the State Grid in May 2011, "approvals of wind farm grid connection design and planning schedule, grid connection application, and other preliminary works will be suspended pending further review".

The State Grid also announced that strict overall approval standards shall be implemented for the grid connection of wind power, as well as improving the procedure and standardization of the management of grid connection technology, and establishing testing guidelines. The State Grid has so far gradually introduced seven wind power connection technology guidelines (including wind farm design, testing and certification, connection standards, energy management, wind power generation forecast, accident prevention guarantees, etc.) that in effect set new technological barriers for WTG connection to the grid, and has consequently raised the technology and quality requirements for the wind power industry.

2) ***Standardization of the Management of Provincial Government Approvals for Wind Farm Projects***

In the first half of 2011, the National Energy Bureau began to formulate regulations related to standardizing the wind farm project approvals process. On 1 July 2011, the National Energy Bureau issued the *Notice of the Schedule for the First Batch of Wind Farm Project Approvals under the Twelfth Five-Year Plan* (關於"十二五"第一批擬核准風電項目計劃安排的通知), listing the first batch of wind farm project approvals under the Twelfth Five-Year Plan in each province based upon a review of all project applications submitted. Projects that were not listed in the notice shall not be granted approval. Prior to this notice, the local provincial governments had the power to grant approval for projects with capacities of less than 50MW.

This policy rescinded the provincial governments' power to approve all wind power projects, promoting the coordinated pace of development of wind power and the power grid, thus addressing the grid connection bottleneck.

This demonstrates that the development of the domestic wind power industry is becoming better aligned with government guidelines and the development of the power grid, and they will play increasingly significant roles in the industry's development.

3) ***Distributed Wind Energy Entering the Development Phase***

The rapid growth of the Chinese wind power industry over the last decade or so has accomplished significant achievements. However, during this phase, the industry encountered a number of problems. The National Energy Bureau and relevant departments analyzed the experience of the domestic wind power development thus far, modified the development model for the wind power industry, and proposed the distributed wind energy development model.

The development of distributed wind energy may to a certain degree resolve some problems associated with large scale development projects. Due to distributed generation's close proximity to energy consumption centers and low voltage grid connections, it allows for the elimination of transmission and voltage transformation facilities. Therefore, smaller areas of wind energy resources that traditionally had no value for development have become high value resources. Distributed wind energy can partly offset the effects of the slowdown in large scale wind energy development.

The *PRC Economic and Social Development Twelfth Five-Year Plan Summary* (中華人民共和國國民經濟和社會發展第十二個五年規劃綱要) that was approved in March 2011 announced the policy of promoting the distributed energy development model.

At the end of March 2011, the National Energy Bureau published the Consultation Draft of *Management of Distributed Energy Generation* (分佈式發電管理辦法(徵求意見稿)), introducing a series of regulations regarding project construction, gid connection, operational management, and other related issues of distributed energy generation.

2. Changes of Macroeconomic Environment

In order to control the rapid increase in inflation, the People's Bank of China decreased the circulation of money this year, and continued to increase savings reserves and interest rates. The continued tightening of credit conditions has decreased the borrowing capabilities of wind farm project developers, and has had an impact on the construction and profitability of wind farm operations. Consequently, this has also affected wind power equipment manufacturers, which have encountered increased difficulties in collecting account receivables and higher financing costs.

3. WTG Manufacturing in China

1) Continuing Price Competition

In 2011, the continued decrease in the average selling price ("**ASP**") of WTGs has further increased competition in the WTG manufacturing industry and affected the profitability of manufacturers. Consequently, cost reduction and cost control have become key priorities for the whole industry.

2) Increase in Barriers to Entry

The lack of barriers to entry in recent years led to a significant increase of WTG manufactures, resulting in an increase of competition in the industry. However, from an objective point of view, as the government proposes higher requirements for the management of wind power grid connection technology and technology standards, the industry's technological barriers to entry have been increased.

3) Increase in Pace of Large Capacity Offshore WTG Research and Development

Domestic WTG manufacturers are all still in the early stages of development in terms of offshore wind power, and therefore are relatively at the same starting line. Every manufacturer wishes to stake a claim in this new market. In order to gain an advantage in the development of offshore wind power, WTG manufacturers have increased the pace of research and development ("**R&D**") in offshore WTGs, with frequent introductions of various large capacity WTGs. Offshore wind power will become one of the industry's future competitive focal points.

4) Emergence of Competitive Differentiation

Other than price competition, the innovation and differentiation strategies in terms of technology and services may become the focal point for demonstrating competitive advantage. Companies that offer superior value to their customers are well poised to thrive in the face of fierce competition. With increased grid connection requirements proposed by the grid companies and customers' demand for higher product quality, superior quality WTGs will be increasingly favored by customers.

5) Increase in Price of Raw Materials

For the first half of this year, the PPI statistics showed a certain increase in the price of raw materials. Whilst, under the influence of government policies, rare earth prices also increased significantly during the reporting period. Under the current fierce price competitive environment of the WTG manufacturing industry, the increase in the price of raw materials has undoubtedly brought further pressure upon the costs of WTG manufacturers.

4. Offshore Wind Power

The general attitude of the National Energy Bureau towards the development of offshore wind power is: active, prudent, explore and develop offshore wind power projects, and to actively develop all offshore wind power related systems engineering capabilities.

II. BUSINESS REVIEW

1. Company Performance Overview

In the first half of 2011, China's wind power industry entered a significant transitional period: from a macroeconomic perspective, tightening credit conditions and increasing raw material costs have put relative pressure on the financing and profitability of WTG manufacturers; from an industrial policy perspective, the introduction of a series of industrial policies not only tightened the approval power of new projects and temporarily suspended grid connection approvals, but also proposed stricter requirements on grid connection technology and testing, leading to an increase of technological barriers to entry. Such measures have put a certain amount of pressure on the market and Xinjiang Goldwind Science & Technology Co., Ltd. (the "**Company**" or "**Goldwind Science & Technology**", together with its subsidiaries, the "**Group**") in the short-term, however, opportunities have also been provided for the consolidation and maturation of the industry. This will provide excellent market development prospects for Goldwind Science & Technology with our technically advanced, superior quality, highly reliable, and highly efficient WTGs.

In response to the current complex market conditions, the Company, as an industry leader, maintains that R&D is its life blood, and continues to believe that product quality is the priority and will not advocate low price competition strategies. During the reporting period, the Company has increased the pace of product optimization and upgrade, perfected quality control, promoted the marketing of value, implemented differentiation sales strategies, and intensified internationalization efforts; whilst continuing to enhance cost control, optimize operational management, and ensure the sustainable development of the Company.

1) *WTG R&D, Manufacturing and Sales*

Revenue from sales of WTGs and components for the reporting period was RMB5,080.08 million, representing a 17.00% decrease compared to the same period of last year. Total sales capacity was 1,245.50MW, a decrease of 6.07% compared to the same period of last year. The following table sets out the details of our products sold in the first half of 2010 and 2011:

	Six months ended 30 June				
	2011		2010		
	Units Sold	**Installed Capacity (MW)**	Units Sold	Installed Capacity (MW)	Installed Capacity Change %
2.5MW	**14**	**35.00**	–	–	–
1.5MW	**807**	**1,210.50**	823	1,234.50	(1.94)
750kW	**–**	**–**	122	91.50	(100.00)
Total	**821**	**1,245.50**	945	1,326.00	(6.07)

During the reporting period, the Company actively promoted the sharing and integration of resources between the German and domestic R&D centers, and strengthened our core competitiveness. The first domestic high altitude direct-drive permanent magnet ("**DDPM**") 1.5MW WTG (GW87/1500 series high altitude WTG) was successfully connected to the grid in April 2011 and is operational. The design of this WTG model fully considered the unique operational environment of high altitude regions, such as low air density, frequent lightening, higher levels of solar radiation, etc. Specifically designed to tackle such obstacles, this WTG model utilized larger blades, improved cooling capabilities, enhanced lightening and radiation protection, and other advanced technologies and production, and is well suited to our domestic high altitude regions. As a result of Goldwind Science & Technology's market segmentation strategy, the Company's 1.5MW series, including models for low wind speed, low and high temperature, intertidal-zone, offshore, and high altitude regions, have all been successfully connected to the grid and are operational. In particular, more than 100 units of 87/1500kW WTG series suited to low wind speed regions (where annual availability is below 2,000 hours) have been connected to the grid and are operational, and the average availability rate is over 98%. Such achievements have established a solid foundation for the Company to expand in the vast low wind speed market.

Whilst the mass production of 2.5MW WTGs has commenced, the Company is also actively pushing forward the R&D of its series models.The low wind speed model 103/2500 with a larger blade diameter suited to onshore regions has been successfully connected to the power grid in June 2011 and is operational. The 106/2500 (suited to onshore regions) and 109/2500 (suited to offshore regions) models are currently in production and are expected to be officially put into operation in the second half of 2011. The R&D of 6MW offshore WTGs is progressing as planned, and are expected to enter the trial phase for key components in the second half of 2011.

Recently, the Company's 1.5MW DDPM WTGs have successfully passed the zero-voltage-ride-through test of Germanischer Lloyd (the "**GL Group**"). This is the most stringent low-voltage-ride-through ("**LVRT**") test, and fully demonstrates the superior grid connectivity of the Company's DDPM WTGs. All of the Company's newly produced WTGs will include the most up-to-date version of the LVRT function. The installation and upgrade of the LVRT function for previously produced MW-level WTGs that are already in operation only consist of software and simple hardware upgrades, and can be achieved with relatively low costs and within a short timeframe. The installation and upgrade project is currently in progress and is expected to be fully completed by the end of 2011. Goldwind Science & Technology's newly produced and upgraded DDPM WTGs' LVRT capabilities can already satisfy the requirements of China's *Wind Farms Grid Connection Technology Regulations* (風電場接入電力系統技術規定), which is expected to be issued imminently.

In February 2011, Goldwind Science & Technology was listed as one of "The 50 Most Innovative Companies 2011" by Massachusetts Institute of Technology's Technology Review magazine, recognizing the superior characteristics of Goldwind Science & Technology's DDPM technology that eliminated the traditional WTG gearbox technology, decreased the consumption of components, reduced the rate of mechanical failures, whilst increased operational efficiency.

As at 30 June 2011, the intake order was 3,315MW, of which orders of 1.5MW WTGs were 3,009MW, orders of 2.5MW WTGs were 300MW, and orders of 3.0MW WTGs were 6MW. Among the total were 159MW of overseas intake orders, including orders of 1.5MW WTGs of 151.50MW, and orders of 2.5MW WTGs of 7.5MW. In addition, we also have orders of 4,012MW that were won during bidding and awaiting final contracts, including orders of 1.5MW WTGs of 2,758.5MW, orders of 2.5MW WTGs of 1,247.5MW, and orders of 3.0MW WTGs of 6MW, among which 49.5MW are overseas orders. The total backlog amounts to 7,327MW.

During the reporting period, the Company's internationalization strategy made steady progress and achieved new results. Other than the investment and construction of wind farm projects, the Company also successively achieved orders for WTG units from the international market. Revenue from international sales in the first half of 2011 was RMB68.52 million. In addition, we recognized RMB140 million of revenues for the sale of 22 units of WTGs to Hydrochina Corporation for installation in Ethiopia. The Company also effectively promoted the Goldwind Science & Technology brand name in the international market through methods such as participation in the US AWEA Wind Power Conference & Exhibition. In addition, the Company's overseas subsidiaries established working relationships with local developers and suppliers, actively promoted our localization strategy in order to achieve international growth, and persevered to establish Goldwind Science & Technology's global manufacturing chain, in order to offer superior value for our products and services.

2) *Wind Power Services*

During the first half of 2011, the competitiveness of the Company's "comprehensive" wind power services system has been further increased, and its advantages have been evident. Building upon this foundation, the Company has begun to provide distributed wind energy and project development services, and fully exploited the value of wind power services. As at 30 June 2011, the accumulated units of WTGs undergone maintenance exceeded 5,900. Since 2008, the accumulated sales of the SCADA system and energy management platform, definitive products of the wind farm services information technology business, exceeded 60 and 30 sets, respectively. Whilst, the Company has continuously strengthened the innovation of wind farm services information technology. During the first half of 2011, the Company successfully developed network isolation equipment, new energy control management project, and other products and services that have effectively enhanced the Company's services system. During the first half of this year, there were over 100 early consultations of definitive projects of wind testing consultation and practicability analysis. In addition, the effect of market development for the construction of wind power projects was evident, with orders for project construction increasing significantly.

During the reporting period, the revenue from wind power services totalled RMB48.13 million, a decrease of 12.62% over the same period of last year.

3) *Wind Farm Investment, Development and Sales*

Under tighter macroeconomic conditions and a slowdown in industry growth during the first half of 2011, the wind farm investment, development and sales segment continued to experience steady growth, and made positive contributions to the Company's operational performance.

In the first half of 2011, the Company sold 3 wind farms with a total attributable installed capacity of approximately 103MW. As at the end of the reporting period, the Company had 1,074MW of total installed capacity of completed wind farms, and 512.9MW of attributable installed capacity. The total installed capacity of the projects still under construction is 672MW, and 557MW of attributable installed capacity. In the first half of 2011, revenue from wind farm operations was RMB47.38 million, a decrease of 46.99% over the same period of last year. Income for wind farm sales was RMB204.21 million, an increase of 603.20% over the same period of last year.

2. Use of Proceeds

1) *Use of A Share Proceeds*

(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	136.73	95.27
5MW DDPM WTG R&D	4.12	4.12	0
6MW DDPM WTG R&D	45.88	9.65	36.23
Testing laboratory	40	40	0
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	1,523.55	221.11

2) Use of H Share Proceeds

The Company was listed on The Stock Exchange of Hong Kong Limited in October 2010. According to the Capital Verification Report issued by Ernst & Young Hua Ming (安永華明(2010)驗字第60794011_A01《驗資報告》), the H Share net proceeds were equivalent to RMB6.754 billion. According to the Company's plan, approximately 64.8% of the total shall be used in the domestic market, and approximately 35.2% of the total shall be used in the international market. As at 30 June 2011, the accumulated used proceeds were equivalent to RMB3.380 billion, and raised funds equivalent to RMB3.374 billion 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	18.49	8.66
R&D of more advanced WTGs and certain related components	9.86	0	9.86
International business	19.72	4.5	15.22
Bank Loan Repayment	4.11	4.11	0
General Working Capital	6.7	6.7	0
Total	67.54	33.80	33.74

3. Other

As at the date of this announcement, the proposed issuance of corporate bonds by the Company (the "**Proposed Issue of Corporate Bonds**") is progressing according to plan. The Company has been informed that its application for the Proposed Issue of Corporate Bonds has been approved by the Issue Review Committee (發行審核委員會) of the China Securities Regulatory Commission (the "**CSRC**").

III. OPERATIONS PERFORMANCE AND ANALYSIS

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

Summary

During the six months ended 30 June 2011, revenue for the Group amounted to RMB5,172.23 million, representing a decrease of 17.44% as compared with RMB6,264.98 million for the six months ended 30 June 2010. Profit attributable to owners of the Group amounted to RMB424.65 million, representing a decrease of 45.05% compared to the same period of last year. Basic earnings per share of the Group were RMB0.16.

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 Engineering, Procurement and Construction ("**EPC**"), transportation and maintenance. Revenue from segment (iii) is generated through tariffs received for the power produced by our wind farms in operation.

During the six months ended 30 June 2011, the Group's total revenue amounted to RMB5,172.23 million, representing a decrease of 17.44% as compared with RMB6,264.98 million for the six months ended 30 June 2010. Details are set out below.

Unit: RMB thousand

	Six months ended 30 June		Amount Increase/	
	2011	2010	(Decrease)	% Change
Sales of WTGs and parts	**5,080,075**	6,120,523	(1,040,448)	(17.00%)
Wind power services	**44,782**	55,081	(10,299)	(18.70%)
Wind Power Generation	**47,375**	89,378	(42,003)	(46.99%)
Total	**5,172,232**	6,264,982	(1,092,750)	(17.44%)

Total revenue decreased mainly due to decreases in all three of the Group's business segments. The decrease of revenue generated from the sale of WTGs and component parts is mainly due to a decrease in installed capacity sold and the continued decreases in the ASP of WTGs caused by increased market competitiveness. The decrease in revenue of the wind power services segment is mainly due to the fact that there were no wind power EPC services during the first half of this year. The decrease in revenue of the wind farm investment segment is mainly due to the disposal of a number of operational wind farms and the subsequent reduction in 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 by business segments:

Unit: RMB thousand

	Six months ended 30 June		Amount Increase/	
	2011	2010	(Decrease)	% Change
Sales of WTGs and Components	**4,039,999**	4,676,542	(636,543)	(13.61%)
Wind Power Services	**31,315**	47,243	(15,928)	(33.72%)
Wind Power Generation	**16,253**	25,509	(9,256)	(36.29%)
Total	**4,087,567**	4,749,294	(661,727)	(13.93%)

Cost of sales decreased mainly due to the reduction of the Group's total installed capacity sold and a relative decrease in procurement costs.

Gross Profit

Unit: RMB thousand

	Six months ended 30 June		Amount Increase/	
	2011	2010	(Decrease)	% Change
Sales of WTGs and Components	**1,040,076**	1,443,981	(403,905)	(27.97%)
Wind Power Services	**13,467**	7,838	5,629	71.82%
Wind Power Generation	**31,122**	63,869	(32,747)	(51.27%)
Total	**1,084,665**	1,515,688	(431,023)	(28.44%)

Gross profit is derived primarily from the WTG R&D, manufacturing and sales segment. For the six months ended 30 June 2011 and 2010, the Group's overall gross margin was 20.97% and 24.19% respectively, and the gross margin for the WTG R&D, manufacturing and sales segment was 20.47% and 23.59% respectively. The following table sets out the gross margins for the Group's 1.5MW and 2.5MW WTGs (prepared in accordance with PRC GAAP):

Unit: RMB thousand

Gross Profit Margin	Six months ended 30 June 2011	2010	Gross Profit Margin Increase/ (Decrease)
1.5MW	**18.52%**	23.19%	(4.67%)
2.5MW	**(6.37%)**	–	–

The gross profit margin for our 1.5MW WTGs decreased from 23.19% for the six months ended 30 June 2010 to 18.52% for the six months ended 30 June 2011. 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 the Group's 1.5MW WTGs as a result of the increasing market competitiveness.

The mass production of 2.5MW WTGs has not yet been realized, whilst its ASP was also below expectations due to the increase in market competitiveness. Therefore, the gross margin does not reflect the product's true potential profitability.

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 six months ended 30 June 2011, the Group's total other income and gains amounted to RMB370.97 million, representing a 221.52% increase from RMB115.38 million for the same period of last year. The increase is mainly due to wind farm disposal gains and increased government grants.

Selling and Distribution Costs

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 six months ended 30 June 2011 amounted to approximately RMB420.69 million, a 15.30% increase compared with RMB364.88 million for the six months ended 30 June 2010. The increase is mainly attributed to the increase in the Company's business and personnel.

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 RMB143.79 million for the six months ended 30 June 2010 to RMB256.07 million for the six months ended 30 June 2011. The increase is mainly due to an increase in the number of subsidiaries, expansion of the international business segment, and an increase in personnel.

Other Expenses

Other expenses mainly consist of impairment provisions accrued in connection with our trade and bills receivables, banking processing fees, and foreign exchange losses. Other expenses for the six months ended 30 June 2011 amounted to approximately RMB123.88 million, representing an increase of 50.54% compared with RMB82.29 million for the six months ended 30 June 2010. Increased expenses are mainly due to the foreign exchange losses.

Finance Costs

Finance costs for the six months ended 30 June 2011 amounted to RMB66.50 million, an increase of 54.15% from RMB43.14 million for the six months ended 30 June 2010. The increase is mainly due to the expansion of the Group's working capital requirements and a significant increase in interest-bearing borrowings.

Income Tax Expenses

For the six months ended 30 June 2011, the Group's income tax expenses amounted to RMB130.83 million, a decrease of 27.76% from RMB181.11 million for the six months ended 30 June 2010. The decrease is primarily attributed to the decrease in profits as a result of the increase in competition.

Financial Position

As at 30 June 2011 and 31 December 2010, total assets of the Group amounted to RMB31,724.40 million and RMB28,397.62 million, respectively. Current assets of the Group as at 30 June 2011 totaled RMB25,906.34 million, while current assets as at 31 December 2010 totaled RMB22,836.08 million. The percentage of current assets to total assets as at 30 June 2011 was 81.66% (31 December 2010 was 80.42%). The non-current assets of the Group as at 30 June 2011 and 31 December 2010 were RMB5,818.06 million and RMB5,561.54 million, respectively.

Total liabilities of the Group as at 30 June 2011 amounted to RMB18,516.07 million, compared to RMB14,766.72 million as at 31 December 2010. As at 30 June 2011 and 31 December 2010, current liabilities of the Group totaled RMB16,082.54 million and RMB12,456.20 million, respectively. Non-current liabilities of the Group as at 30 June 2011 and 31 December 2010 were RMB2,433.53 million and RMB2,310.52 million, respectively.

Net current assets and net assets of the Group as at 30 June 2011 amounted to RMB9,823.81 million and RMB13,208.33 million, compared to RMB10,379.88 million and RMB13,630.90 million, respectively, as at 31 December 2010.

Cash and cash equivalents of the Group as at 30 June 2011 and 31 December 2010 were RMB5,791.29 million and RMB9,323.60 million, respectively. As at 30 June 2011 and 31 December 2010, total interest-bearing bank and other borrowings of the Group amounted to RMB5,825.24 million and RMB2,966.84 million, respectively.

Financial Resources and Liquidity

Unit: RMB thousand

Cash Flow Statements

	Six months ended 30 June	
	2011	2010
Net Cash flows from operating activities	**(5,716,663)**	(2,762,653)
Net Cash flows used in investing activities	**(1,455,669)**	(462,987)
Net Cash flows from financing activities	**3,437,773**	511,820
Net increase in cash and cash equivalents	**(3,734,559)**	(2,713,820)
Cash and cash equivalents at beginning of the reporting period	**9,242,400**	4,378,950
Effect of foreign exchange rate changes, net	**21,549**	(37,513)
Cash and cash equivalents at end of the reporting period	**5,529,390**	1,627,617

1. *Cash flow from operating activities*

The Group's 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 six months ended 30 June 2011, the Company reported net cash outflows from operating activities of RMB5,716.66 million, principally comprised of profit before tax of RMB621.46 million, offset by an increase in inventories of RMB4,216.16 million (as a result of increases in raw materials and semi-finished goods manufactured in-house in order to prevent increases in the price of components and to meet orders of delivery for the second half of this year), and by a RMB1,728.13 million increase in trade and bills receivables (as a result of tighter credit conditions, slower payments of receivables, and increased sales on which payment had yet to become due under relevant sales contracts).

For the six months ended 30 June 2010, the Company reported net cash outflows from operating activities of RMB2,762.65 million, principally comprised of profit before tax of RMB994.39 million adjusted for a RMB64.43 million impairment of trade and other receivables and a RMB1,814.56 million increase in trade and bills payables. These cash inflows were offset by a RMB1,237.37 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), a RMB2,719.98 million increase in trade and bill receivables (as a result of increased sales on which payment had yet to become due under relevant sales contracts), and a RMB1,641.85 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 six months ended 30 June 2011, the Group's net cash flows used in investment activities was RMB1,455.67 million, principally due to purchases of property, plant and equipment in the amount of RMB977.57 million and acquisition of subsidiaries of RMB226.15 million.

For the six months ended 30 June 2010, the Group's net cash flows used in investment activities was RMB462.99 million, principally contributed by purchases of property, plant and equipment in the amount of RMB548.91 million, offset partly by a RMB72.57 million increase in pledged deposits and the receipt of RMB41.05 million of government subsidies.

3. *Cash flow from financing activities*

The Group used cash flows from financing primarily to repay its bank and other borrowings, whilst cash flows from financing activities were derived from new bank loans.

For the six months ended 30 June 2011, the Group reported net cash flows from financing activities of RMB3,437.77 million, contributed by new bank and other borrowings in the amount of RMB4,537.97 million, offset by RMB1,093.50 million used to repay bank and other borrowings, and RMB90.38 million used for interest payments.

For the six months ended 30 June 2010, the Group reported net cash flows from financing activities of RMB511.82 million, principally comprised of new bank and other borrowings in the amount of RMB1,291.84 million, offset by RMB561.00 million used to repay bank and other borrowings, and RMB140.00 million used for dividends paid to shareholders of the Company.

Capital Expenditures

Capital expenditure of the Group for the six months ended 30 June 2011 was RMB877.89 million, an increase of 54.30% compared to RMB568.96 million for the six months ended 30 June 2010. Our primary sources of capital included the proceeds from an issue of new shares, bank loans, and cash flow from operations.

IV. OUTLOOK FOR THE SECOND HALF OF 2011

In 2011, the domestic macroeconomic environment and the wind power industry witnessed changes that significantly affected the performance of the industry this year, including a slowdown of growth, increased competition, as well as the initial steps of industry consolidation and transition. Whilst mandatory industry standards are also under increased scrutiny, with the successive introductions of more stringent and standardized technological, grid connection, approvals, and other regulations to be expected in the near future that will significantly affect the industry in the short-term. However, this will support a more healthy and orderly development of the industry in the long-term.

Following the period of the Eleventh Five-Year Plan, during which the domestic wind power industry experienced rapid growth, the industry entered an accident-prone phase. The industry experienced unprecedented pressure with regards to the quality of WTGs and operational management. Such issues brought further challenges for the wind power industry. However, the Company's WTGs have always maintained an excellent operational history. Facing such major changes in market conditions, the Company will strive to respond positively, utilizing our advanced technology, superior product quality, wealth of experience in wind farm construction and services, and other advantages in order to maintain a steady growth in operational performance and our leading position in the industry.

The Company will continue to face the following operational difficulties during the second half of this year:

1. Price competition continues to exist, with a worsening competitive environment in the domestic WTG market;

2. Tightening of credit regulations has brought a degree of difficulty for financing and collecting receivables of the Company;

3. The temporary suspension of grid connection approvals has limited industry growth to a certain degree;

4. The increase of cost of raw materials has put a degree of pressure on the Company's costs.

The Company shall actively respond to the complex and unfavorable environmental factors through strategies that mainly include:

1. Product R&D will focus on product differentiation as the key competitive strategy, will take into consideration market segmentation, product quality, availability rate, power generation efficiency, costs, and other related factors, and push forward the R&D and optimization of the Company's WTG series models;

2. The Company's continued emphasis on quality and creating value for customers have already started to gain customer recognition. Our customer base is solid, the availability rate and power generation efficiency of our WTGs are high, and our customers are willing to pay a certain premium. Goldwind Science & Technology shall maintain our current strategy, and continue to realize and create value for our customers;

3. Accelerate the R&D of large capacity WTGs and ensure we build a solid foundation for the Company's market competitiveness in the future in terms of technology and products;

4. Promote value-added marketing strategies and implement differentiation sales strategies;

5. Increase receivables collection efforts and maintain a steady operational cash flow;

6. Actively expand into new markets and promote the implementation of the Company's international strategy;

7. Fully exploit the Company's resource advantages to strengthen the wind power services and wind farm investment segments, and increase their overall contribution to the business of the Company;

8. Pursue cost reduction initiatives, implement comprehensive cost control, and maintain a steady gross profit margin for the Company's WTGs through internal resources optimization and cost control;

9. Accelerate the LVRT upgrade project and ensure its completion by the end of this year;

10. Actively promote the work for the Proposed Issuance of Corporate Bonds;

11. Continue to implement the Company's corporate management strategy, diversify our sources of profitability, push forward the growth of our internationalization, operations and maintenance, and other business segments.

V. ESTIMATED OPERATING RESULTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2011

Estimated operating results for nine months ended 30 September 2011	Net profits attributable to owners of the Company are estimated to decrease by 50-100% as compared to the same period of last year.
Operating results for nine months ended 30 September 2010	Net profits attributable to owners of the Company (RMB): 1,531,941,089.66
Reasons for increase/decrease	(1) Slowdown in growth of the wind power industry; (2) Increasing market competition, and decrease in ASP of WTGs.

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

Based on information known to the Company, as at 30 June 2011, directors', supervisors' and chief executive's interests and short positions in shares of the Company and its associated corporations are set out 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 30 June 2011, as far as is known to the Company, none of the directors, supervisors or chief executive had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**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 of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

INTERIM DIVIDENDS

The board of directors (the "**Board**") of the Company decided not to recommend payment of interim dividends for the six months ended 30 June 2011.

SHARE CAPITAL STRUCTURE

As at 31 December 2010, the particulars of the issued share capital of the Company are 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 30 June 2011, as far as known to 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 SFO:

H Shares:

Name of Shareholder	Share Category	Number of Shares	As a % of H Shares	As a % of Total Shares
Citigroup Financial Products Inc.	H Shares	60,636,446 (L)	12.13%	2.25%
		60,357,400 (S)	12.07%	2.24%
Citigroup Global Markets Asia/ Hong Kong Holdings Limited	H Shares	59,294,000 (L)	11.86%	2.20%
		59,979,000 (S)	11.99%	2.23%
Morgan Stanley	H Shares	60,511,945 (L)	12.10%	2.25%
NSSF	H Shares	40,463,200 (L)	8.09%	1.50%
International Finance Corporation	H Shares	32,044,600 (L)	6.41%	1.19%
JPMorgan Chase & Co.	H Shares	29,300,664 (L)	5.86%	1.09%
		25,792,064 (P)	5.16%	0.96%

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	375,920,386	17.13%	13.95%
China Three Gorges New Energy Corporation	A Shares	709,473,607	32.33%	26.33%
China Three Gorges Corporation	A Shares	709,473,607	32.33%	26.33%
China-Belgium Direct Equity Investment Fund	A Shares	137,557,314	6.27%	5.10%

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 375,920,386 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 375,920,386 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 30 June 2011, as far as is known to the Company, no other persons (excluding directors, supervisors, and chief executive) 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 NUMBER OF SHAREHOLDERS

As at 30 June 2011, the total number of shareholders of the Company was 323,214, among which the numbers of A Share and H Share shareholders were 321,103 and 2,111, respectively.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2011.

THE MODEL CODE

The Company has adopted a code of conduct governing directors' and supervisors' dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code. Upon specific enquiries, all directors and supervisors confirmed that they had complied with the provisions of the Model Code during the six months ended 30 June 2011 and up to the date of this report.

AUDIT COMMITTEE

As at 24 June 2011, the Audit Committee consisted of two independent non-executive directors, namely Mr. Wang Yousan and Mr. Li Man Bun ("**Mr. Li**") and one non-executive director, namely Mr. Gao Zhong. The chairman of the Audit Committee was Mr. Li. Mr. Li resigned from his office effective on 24 June 2011 due to his increasing engagement in other businesses. On 24 June 2011, Dr. Tin Yau Kelvin Wong ("**Dr. Wong**") was appointed as an independent non-executive director as well as a member of the Audit Committee. On 28 July 2011, Dr. Wong was elected as the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2011.

HUMAN RESOURCES

On 24 January 2011, the Board of the Company re-appointed Mr. Wu Gang as the CEO of the Company, and appointed Mr. Yang Hua, Mr. Wu Kai, and the Company's CFO, Mr. Sun Liang, as Vice Presidents of the Company.

As at 30 June 2011, the Company has 5,336 employees.

CHANGE TO THE INFORMATION OF DIRECTORS AND SUPERVISORS

On 1 January 2011, Mr. Zheng Chengjiang, a supervisor of the Company, ceased to act as the Director of Information Systems of the Company and started to serve as the Director of Corporate Business Management Center of the Company.

On 24 June 2011, the annual general meeting of the Company for the year of 2010 reviewed and approved a new independent non-executive director allowance arrangement, under which the annual allowance to be paid to each of the independent non-executive directors of the Company during his term of office (except that any independent non-executive director who is under administration of the Organization Department of the CPC Central Committee shall not receive any allowance from the Company) shall be RMB200,000 (including tax) per annum.

Other than disclosed above, during the six months ended 30 June 2011, there was no change to the information which is required to be disclosed and has been disclosed by the directors or the supervisors of the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 RMB'000 (Unaudited)	2010 RMB'000 (Audited)
REVENUE	4	**5,172,232**	6,264,982
Cost of sales		**(4,087,567)**	(4,749,294)
Gross profit		**1,084,665**	1,515,688
Other income and gains	4	**370,964**	115,384
Selling and distribution costs		**(420,685)**	(364,879)
Administrative expenses		**(256,065)**	(143,793)
Other expenses		**(123,875)**	(82,285)
Finance costs	6	**(66,495)**	(43,140)
Share of profits and losses of:			
Jointly-controlled entities		**(748)**	(27)
Associates		**33,699**	(2,559)
PROFIT BEFORE TAX	5	**621,460**	994,389
Income tax expense	7	**(130,832)**	(181,114)
PROFIT FOR THE PERIOD		**490,628**	813,275
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**62,168**	(47,452)
Others		**2,658**	7,078
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**64,826**	(40,374)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**555,454**	772,901
Profit attributable to:			
Owners of the Company		**424,648**	772,750
Non-controlling interests		**65,980**	40,525
		490,628	813,275
Total comprehensive income attributable to:			
Owners of the Company		**489,474**	732,376
Non-controlling interests		**65,980**	40,525
		555,454	772,901
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted	9	**RMB0.16**	RMB0.34

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,704,353	3,782,767
Investment properties		86,729	88,177
Prepaid land lease payments		237,322	260,413
Goodwill	11	333,282	256,823
Other intangible assets		395,317	353,239
Investments in jointly-controlled entities		218,510	172,502
Investments in associates		199,543	89,980
Available-for-sale investments		63,271	60,460
Deferred tax assets	12	469,570	399,169
Prepayments		100,412	88,032
Derivative financial instruments		9,747	9,975
Total non-current assets		5,818,056	5,561,537
CURRENT ASSETS			
Inventories	13	8,607,283	4,390,716
Trade and bills receivables	14	9,283,003	7,583,129
Prepayments, deposits and other receivables	15	2,045,376	1,204,035
Derivative financial instruments		3,935	–
Hold for trading non-derivative financial assets		11,850	–
Pledged deposits	16	163,605	334,599
Cash and cash equivalents	16	5,791,290	9,323,600
Total current assets		25,906,342	22,836,079
CURRENT LIABILITIES			
Trade and bills payables	17	8,857,991	8,130,173
Other payables and accruals	18	1,313,892	1,952,241
Derivative financial instruments31		–	7,546
Interest-bearing bank and other borrowings	19	4,156,492	1,501,526
Tax payable		182,570	422,918
Dividend payable		916,160	–
Provision		655,431	441,793
Total current liabilities		16,082,536	12,456,197
NET CURRENT ASSETS		9,823,806	10,379,882
TOTAL ASSETS LESS CURRENT LIABILITIES		15,641,862	15,941,419

Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	19	1,668,743	1,465,314
Deferred tax liabilities	12	63,454	68,967
Provision		532,972	574,366
Government grants		152,936	187,359
Other long-term liabilities		15,427	14,513
Total non-current liabilities		2,433,532	2,310,519
NET ASSETS		13,208,330	13,630,900
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	20	2,694,588	2,694,588
Reserves	21	10,167,714	9,678,240
Proposed final dividend		–	916,160
		12,862,302	13,288,988
Non-controlling interests		346,028	341,912
TOTAL EQUITY		13,208,330	13,630,900

Wu Gang
Director

Guo Jian
Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2011

	Attributable to owners of the Company								
	Issued share capital (note 20) 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 31 December 2010 and 1 January 2011	2,694,588	7,976,999	481,181	1,262,072	(42,012)	916,160	13,288,988	341,912	13,630,900
Profit for the period (unaudited)	–	–	–	424,648	–	–	424,648	65,980	490,628
Other comprehensive income (unaudited)	–	2,658	–	–	62,168	–	64,826	–	64,826
Final 2010 dividend declared (unaudited)	–	–	–	–	–	(916,160)	(916,160)	–	(916,160)
Dividend declared to non-controlling shareholders (unaudited)	–	–	–	–	–	–	–	(15,974)	(15,974)
Capital contribution from non-controlling shareholders (unaudited)	–	–	–	–	–	–	–	84,669	84,669
Acquisition of subsidiaries (unaudited) (note 22)	–	–	–	–	–	–	–	7,499	7,499
Capital withdrawal by non-controlling shareholders (unaudited)	–	–	–	–	–	–	–	(43,918)	(43,918)
Derecognition of subsidiaries (unaudited) (note 24)	–	–	–	–	–	–	–	(94,140)	(94,140)
As at 30 June 2011	2,694,588	7,979,657*	481,181*	1,686,720*	20,156*	–	12,862,302	346,028	13,208,330
As at 31 December 2009 and 1 January 2010	1,400,000	1,670,115	267,416	1,730,985	(7,459)	140,000	5,201,057	326,200	5,527,257
Profit for the period	–	–	–	772,750	–	–	772,750	40,525	813,275
Other comprehensive income	–	7,078	–	–	(47,452)	–	(40,374)	–	(40,374)
Final 2009dividend declared	–	–	–	–	–	(140,000)	(140,000)	–	(140,000)
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	(1,073)	(1,073)
Issue of bonus shares	840,000	–	–	(840,000)	–	–	–	–	–
Capital withdrawal by non-controlling shareholders	–	–	–	–	–	–	–	(3,414)	(3,414)
Acquisition of subsidiaries	–	–	–	–	–	–	–	100	100
Derecognition of a subsidiary	–	–	–	–	–	–	–	(19,523)	(19,523)
Proposed dividend	–	–	–	(784,000)	–	784,000	–	–	–
Dividend declared					–	(784,000)	(784,000)	–	(784,000)
As at 30 June 2010	2,240,000	1,677,193*	267,416*	879,735*	(54,911)*	–	5,009,433	342,815	5,352,248

* As at 30 June 2011, these reserve accounts comprised the consolidated reserves of RMB10,167,714,000 (30 June 2010: RMB2,769,433,000) in the condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 RMB'000 (Unaudited)	2010 RMB'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**621,460**	994,389
Adjustments for:			
Finance costs	6	**66,495**	43,140
Foreign exchange differences, net		**41,642**	(10,777)
Bank interest income		**(12,426)**	(16,590)
Share of profits and losses of jointly-controlled entities	3	**748**	27
Share of profits and losses of associates	3	**(33,699)**	2,559
Depreciation	5	**67,773**	44,875
Amortization of prepaid land lease payments	5	**2,643**	1,817
Amortization of other intangible assets	5	**30,267**	23,828
Loss on disposals of items of property, plant and equipment and other intangible assets, net		**3,386**	38
Gain on disposals of subsidiaries	4	**(86,517)**	–
Gain on derecognition of a subsidiary	4	**(92,837)**	(29,040)
Gain on disposal of a jointly-controlled entity	4	**(24,854)**	–
Dividend income from available-for-sale investments		**–**	(5,051)
Loss on derivative financial instruments		**322**	–
Net fair value gain on derivative financial instruments	4	**(11,481)**	(3,281)
Impairment of trade and other receivables	5	**57,707**	64,428
Government grants		**(59,110)**	(24,823)
		571,519	1,085,539
Increase in inventories		**(4,216,157)**	(1,237,368)
Increase in trade and bills receivables		**(1,728,130)**	(2,719,977)
Increase in prepayments, deposits and other receivables		**(747,076)**	(631)
Increase in trade and bills payables		**1,019,507**	1,814,564
Decrease in other payables and accruals		**(408,429)**	(1,641,847)
Increase in provision		**168,630**	181,004
Cash generated from operations		**(5,340,136)**	(2,518,716)
Income tax paid		**(376,527)**	(243,937)
Net cash flows from operating activities		**(5,716,663)**	(2,762,653)

	Notes	Six months ended 30 June 2011 RMB'000 (Unaudited)	2010 RMB'000 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(977,572)**	(548,910)
Additions of prepaid land lease payments		**(283)**	(17,798)
Additions of other intangible assets		**(46,584)**	(26,821)
Acquisitions of subsidiaries, net of cash acquired (minus cash)	22	**(226,148)**	1,561
Purchase of shareholding in jointly-controlled entities		**(83,184)**	–
Purchase of shareholding in associates		**(40,040)**	–
Purchases of available-for-sale investments		**–**	(1,170)
Acquisition of non-controlling interests in subsidiaries		**(23,150)**	–
Proceeds from disposals of items of property, plant and equipment		**785**	47
Disposals of subsidiaries, net of cash disposed	23	**(21,753)**	–
Derecognition of a subsidiary, net of cash disposed(minus cash)	24	**(82,117)**	(1,087)
Increase in pledged deposits		**(30,284)**	72,571
Increase in non-pledged time deposits with original maturity of three months or more when acquired		**56,012**	(1,757)
Government grants received		**–**	41,054
Dividend received from available-for-sale investments		**5,094**	–
Dividend received from associates		**1,327**	–
Interest received		**12,430**	19,323
Proceeds from derivative financial instruments		**(202)**	–
Net cash flows used in investing activities		**(1,455,669)**	(462,987)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**4,537,965**	1,291,836
Repayment of bank and other borrowings		**(1,093,503)**	(561,046)
Interest paid		**(90,379)**	(73,073)
Capital withdrawal by non-controlling shareholders		**–**	(4,824)
Capital contributions from non-controlling shareholders		**83,690**	–
Dividend paid to owners of the Company		**–**	(140,000)
Dividend paid to non-controlling shareholders		**–**	(1,073)
Net cash flows from financing activities		**3,437,773**	511,820
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,734,559)**	(2,713,820)
Cash and cash equivalents at beginning of period		**9,242,400**	4,378,950
Effect of foreign exchange rate changes, net		**21,549**	(37,513)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16	**5,529,390**	1,627,617

Notes to Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2011 – Unaudited (presented in RMB)

1. CORPORATE INFORMATION

Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") was established as a joint stock limited liability company 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 (the "SZSE") 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 (the "HKEx") from 8 October 2010. The registered office of the Company is located at 107 Shanghai Road, Economic & Technology Development District, Urumqi, Xinjiang, PRC.

During the reporting period, 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 ("WTGs") and wind power components;
- Development and operation of wind farms, consisting of wind power generation services 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.

The directors do not believe the Company has any controlling shareholders.

2. BASIS OF PRESENTATION AND PREPARATION

These unaudited condensed consolidated interim financial statements ("these statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx Listing Rules") and with International Accounting Standards ("IAS") 34 Interim Financial Reporting. These statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These statements have been prepared under the historical cost convention, except for certain financial assets, which have been measured at fair value. In addition, these statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

Except as described below, the accounting policies adopted for these statements are consistent with those of and described in the annual financial statements for the year ended 31 December 2010.

2. BASIS OF PRESENTATION AND PREPARATION (continued)

New or revised standards adopted by the Group

As of 1 January 2011, the Group has applied the following new or revised standards and interpretations (“new or revised IFRS”):

- IAS 24 (as revised in 2009) – Disclosure of Connected Transactions
- Amendments to IAS 32 – Classification of Rights Issues
- Amendments IFRIC Int 14 – Prepayments of a Minimum Funding Requirement
- IFRIC Int 19 – Extinguishing Financial Liabilities with Equity Instruments

IAS 24 (as revised in 2009) Disclosure of Connected Transactions has been revised on the following two aspects:

(a) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

(b) IAS 24 (revised) has changed and simplified the definition of a connected party.

The Group is not a government related entity. For the financial statements drafted for the six months ended 30 June 2011, the Group has applied for the first time the revised definition of a connected party as set out in IAS 24 (as revised in 2009).

The application of the above new or revised IFRS for the six months ended 30 June 2011 has had no material effect on the amounts reported and/or disclosures set out in these statements.

Standards and amendments to existing standards that are not yet effective and have not been adopted by the Group

The following new or revised standards have been issued after 31 December 2010 and have not yet been adopted by the Group:

- IAS 1 (Amendments) – Presentation of Items of Other Comprehensive Income

  The amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within other comprehensive income (“OCI”) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. IAS 1 (Amendments) will be effective for annual periods beginning on or after 1 July 2012. The management of the Group anticipates that the application of these amendments will have no material impact on the results and the financial position of the Group.

2. BASIS OF PRESENTATION AND PREPARATION (continued)

Standards and amendments to existing standards that are not yet effective and have not been adopted by the Group (continued)

- IAS 19 (Revised 2011) – Employee Benefits

  The amendments to IAS 19 make important improvements by: (1), eliminating an option to defer the recognition of gains and losses, improving comparability and faithfulness of presentation. (2), streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in OCI, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations. (3), enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. IAS 19 (Revised 2011) will be effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. The management of the Group anticipates that the application of these amendments will have no material impact on the results and the financial position of the Group.

- Five new or revised standards ("package of five") on consolidation, joint arrangements and disclosure

  IFRS 10 – Consolidated Financial Statements
  IFRS 11 – Joint Arrangements
  IFRS 12 – Disclosures of Interests in Other Entities
  IAS 27 (as revised in 2011) – Separate Financial Statements
  IAS 28 (as revised in 2011) – Investments in Associates and Joint Ventures

  The package of five were issued by IASB in May 2010, and has an effective date for annual periods beginning on or after 1 January 2013, with earlier application permitted so long as each of the other standards in the "package of five" are applied together. However, entities are permitted to incorporate any of the disclosure requirements in IFRS 12 into their financial statements without early applied IFRS 12 (and thereby the other standards in the package of five).

  IFRS 10 replaces the parts of IAS 27, Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. Overall, the application of IFRS 10 requires a lot of judgment.

  IFRS 11 will lead to new accounting requirements relating to the management of joint ventures, and replaces IAS 31, Interests in Joint Ventures. Under IFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in IFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under IAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

2. BASIS OF PRESENTATION AND PREPARATION (continued)

Standards and amendments to existing standards that are not yet effective and have not been adopted by the Group (continued)

- Five new or revised standards ("package of five") on consolidation, joint arrangements and disclosure (continued)

  IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

  The IAS 27 requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

  IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

  The management of the Group anticipates that the application of these five new or revised standards will have no material impact on the results and the financial position of the Group.

  IFRS 13 – Fair Value Measurement, issued in May 2011, replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 will be effective for annual periods beginning on or after 1 January 2013 with early application permitted. The management of the Group anticipates that the application of these amendments will have no material impact on the results and the financial position of the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) The WTG manufacturing and sales segment engages in the research and development ("R&D"), manufacture and sale of WTGs 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.

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2011 (unaudited)

	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	5,080,440	44,462	47,330	–	5,172,232
Intersegment sales	822,203	79,249	–	(901,452)	–
Total revenue	5,902,643	123,711	47,330	(901,452)	5,172,232
Segment results:					
Interest income	28,744	272	1,004	–	30,020
Finance costs	(48,165)	(766)	(17,564)	–	(66,495)
Other segment information:					
Share of profits and losses:					
Joint- controlled entities	–	–	(748)	–	(748)
Associates	24,037	–	9,662	–	33,699
Depreciation and amortization	79,892	1,494	19,870	(573)	100,683
Impairment/(reversal of impairment) of trade and other receivables	58,326	(619)	–	–	57,707
Product warranty provision	225,436	–	–	(30,023)	195,413
Capital expenditure[(1)]	185,783	2,155	832,946	(142,991)	877,893
Profit before tax	605,972	20,128	49,903	(54,543)	621,460
As at 30 June 2011 (unaudited)					
Segment assets	28,906,842	556,929	5,233,926	(2,973,299)	31,724,398
Segment liabilities	15,945,495	348,634	4,262,633	(2,040,694)	18,516,068
Other segment information:					
Investments in jointly-controlled entities	–	–	367,707	(149,197)	218,510
Investments in associates	113,337	–	121,638	(35,432)	199,543

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2010 (audited)

	Wind turbine generator manufacturing and sales RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	6,120,523	55,081	89,378	–	6,264,982
Intersegment sales	238,412	69,018	–	(307,430)	–
Total revenue	6,358,935	124,099	89,378	(307,430)	6,264,982
Segment results:	973,580	28,700	40,005	(21,364)	1,020,939
Interest income	14,666	786	1,138	–	16,590
Finance costs	(18,632)	–	(24,508)	–	(43,140)
Other segment information:					
Share of profits and losses:					
Joint- controlled entities	–	–	(27)	–	(27)
Associates	(2,559)	–	–	–	(2,559)
Depreciation and amortization	49,626	1,090	22,308	(2,504)	70,520
Impairment/(reversal of impairment) of trade and other receivables	15,477	(5,359)	(2,423)	56,733	64,428
Product warranty provision	270,364	–	–	(12,498)	257,866
Capital expenditure(1)	154,127	1,677	471,402	(58,245)	568,961
Profit before tax	969,614	29,486	16,635	(21,346)	994,389

(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.

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 six months ended 30 June 2011and 30 June 2010, no revenue generated from any of the Group's customer had individually accounted for 10% or more of the Group's total revenue.

4. 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:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue		
Sale of wind turbine generators and wind power components	**5,080,075**	6,120,523
Wind power services	**44,782**	55,081
Wind power generation	**47,375**	89,378
	5,172,232	6,264,982
Other income		
Bank interest income	**30,020**	16,590
Gross rental income	**8,078**	7,050
Government grants	**97,770**	24,823
Value-added tax refund	**369**	1,512
Insurance compensation on product warranty expenditures	**12,346**	10,912
Others	**5,244**	2,934
	153,827	63,821
Gains		
Gain on disposals of subsidiaries, including wind farm project companies	**86,517**	–
Gain on derecognition of a subsidiary, a wind farm project company	**92,837**	29,040
Gain on disposals a jointly-controlled entity	**24,854**	–
Gain on disposals of items of property, plant and equipment	**125**	171
Net fair value gain on derivative financial instruments	**11,481**	3,281
Realized gain on derivative financial instruments	**–**	60
Net Exchange differences	**–**	10,777
Others	**1,323**	8,234
	217,137	51,563
	370,964	115,384

5. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June 2011 RMB'000 (Unaudited)	Six months ended 30 June 2010 RMB'000 (Audited)
Cost of inventories sold		**4,056,252**	4,677,540
Depreciation (see note) provided for:			
Property, plant and equipment	10	**66,325**	43,668
Investment properties		**1,448**	1,207
		67,773	44,875
Amortization of prepaid land lease payments		**2,643**	1,817
Amortization of intangible assets		**30,267**	23,828
		32,910	25,645
Impairment of trade and bills receivables	14	**57,652**	63,049
Impairment/(reversal of impairment) of prepayments, deposits and other receivables	15	**55**	1,379
		57,707	64,428
Loss on disposals of items of property, plant and equipment and other intangible assets, net		**3,386**	38
Minimum lease payments under operating leases of land and buildings		**4,486**	4,163
Employee benefit expenses (including directors' and supervisors' remuneration):			
Wages and salaries		**148,352**	83,225
Pension scheme contributions (defined contribution scheme)		**19,338**	9,555
Welfare and other expenses		**38,997**	21,621
		206,687	114,401
Foreign exchange differences, net		**41,642**	(10,777)
Research and development costs:			
Staff costs		**31,832**	11,750
Amortization and depreciation		**3,839**	2,410
Materials expenditure and others		**13,748**	17,422
		49,419	31,582
Product warranty provision		**195,413**	257,866

Note:

Depreciation of approximately RMB46,369,000 (for the six months ended 30 June 2010: RMB29,957,000) is included in the cost of sales in the consolidated statements of comprehensive income for the six months ended 30 June 2011.

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Interest on bank loans and other loans repayable		
within five years	**64,447**	42,003
beyond five years	**34,151**	39,590
	98,598	81,593
Less: Interest capitalized (note 10)	**(32,103)**	(38,453)
	66,495	43,140

7. 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% for the six months end 30 June 2011.

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

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.

7. INCOME TAX EXPENSE (continued)

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current		
– Mainland China	**119,274**	183,995
– Germany	**79,692**	33,711
	198,966	217,706
Deferred (note 12)	**(68,134)**	(36,592)
Tax charge for the period	**130,832**	181,114

The adjustments of the appropriate income taxes of profit before tax calculated by the applicable legal income tax rates and the income taxes calculated by the real income tax rates of the Company are as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Profit before tax	**621,460**	994,389
Income tax charge at the statutory income tax rate of 25%	**155,365**	248,597
Effect of different income tax rates for overseas entities	**16,173**	3,646
Tax exemption	**(46,586)**	(83,280)
Tax losses not recognized	**18,257**	4,844
Expenses not deductible for tax purposes	**162**	1,971
Additional tax deduction to research and development expenditure	**(1,309)**	(1,928)
Profits and losses attributable to jointly-controlled entities	**187**	7
Profits and losses attributable to associates	**(8,425)**	640
Others	**(2,992)**	6,617
Tax charge for the year at the effective rate	**130,832**	181,114

8. DIVIDEND

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Dividend per ordinary share		
Final dividend (2010: RMB0.35) per ordinary share	**916,160**	784,000
	916,160	784,000

At the annual general meeting held on 24 June 2011, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2010 of RMB0.34 per share which amounted to RMB916,160,000. Prior to the date of this report, the Group has fully paid the dividend.

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

For the six months ended 30 June 2011, the calculation of basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,694,588,000 (30 June 2010: 2,240,000.000 shares) in issue during the year.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**424,648**	772,750

	Number of shares Six months ended 30 June	
	2011	2010
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	**2,694,588,000**	2,240,000,000

As at 30 June 2011, the Company does not have any potential diluted ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2011					
	Buildings RMB'000 (unaudited)	Machinery RMB'000 (unaudited)	Vehicles RMB'000 (unaudited)	Electronic equipment and others RMB'000 (unaudited)	Construction in progress RMB'000 (unaudited)	Total RMB'000 (unaudited)
Cost:						
At 1 January 2011	661,988	1,064,711	45,134	112,520	2,080,243	3,964,596
Additions	3,617	29,247	10,274	29,064	699,805	772,007
Acquisitions of subsidiaries (notes22)	559	33,146	20	1,123	6,085	40,933
Disposals	–	(18,600)	(2,172)	(920)	–	(21,692)
Disposals of subsidiaries (note 23)	–	(284,601)	(194)	(169)	–	(284,964)
Derecognition of subsidiaries (note 24)	–	(295,032)	(1,349)	(151)	(241,264)	(537,796)
Transfers	193	481,077	–	349	(481,619)	–
Exchange realignment	(619)	5,085	230	7,089	–	11,785
At 30 June 2011	665,738	1,015,033	51,943	148,905	2,063,250	3,944,869
Accumulated depreciation and impairment:						
At 1 January 2011	(39,722)	(99,528)	(7,585)	(34,994)	–	(181,829)
Depreciation charge for the year	(10,671)	(41,867)	(3,474)	(10,283)	–	(66,325)
Disposals	–	932	607	233	–	1,772
Acquisitions of subsidiaries (notes22)	(11)	(5,365)	(5)	(167)	–	(5,548)
Disposals of subsidiaries (note 23)	–	4,130	84	62	–	4,276
Derecognition of subsidiaries (note 24)	–	8,743	58	39	–	8,840
Exchange realignment	(52)	(892)	(64)	(694)	–	(1,702)
At 30 June 2011	(50,486)	(133,847)	(10,379)	(45,804)	–	(240,516)
Net carrying amount:						
At 30 June 2011	615,252	881,186	41,564	103,101	2,063,250	3,704,353
At 1 January 2011	622,266	965,183	37,549	77,526	2,080,243	3,782,767

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Year ended 31 December 2010					
	Buildings RMB'000 (audited)	Machinery RMB'000 (audited)	Vehicles RMB'000 (audited)	Electronic equipment and others RMB'000 (audited)	Construction in progress RMB'000 (audited)	Total RMB'000 (audited)
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	191,093	108,202	4,509	6,760	199,109	509,673
Disposals	(16)	(181)	(2,122)	(1,861)	–	(4,180)
Disposals of subsidiaries	–	(1,103,863)	(1,538)	(478)	(282,085)	(1,387,964)
Derecognition of a subsidiary	–	–	–	(888)	(289,581)	(290,469)
Transfers	111,347	1,273,281	7,494	10,721	(1,402,843)	–
Transferred to investment properties	(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	(13,240)	(76,923)	(3,727)	(16,266)	–	(110,156)
Disposals	–	33	726	763	–	1,522
Acquisitions of subsidiaries	(10,966)	(27,059)	(673)	(1,661)	–	(40,359)
Disposals of subsidiaries	–	42,789	263	108	–	43,160
Derecognition of a subsidiary	–	–	–	91	–	91
Transferred to investment properties	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

The carrying amounts of machinery and construction in progress of the Group included capitalized interest of approximately RMB32,103,000 (2010: RMB60,318,000) charged for the six months ended 30 June 2011 prior to being transferred to machinery (note 6).

10. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2011, 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 RMB14,235,000. 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 30 June 2011.

As at 30 June 2011, certain of the Group's property, plant and equipment with carrying values of approximately RMB1,848,468,000 (31 December 2010: RMB1,997,866,000) were an aggregate pledged to secure certain of the Group's bank and other borrowings (note 19).

11. GOODWILL

	Six months ended 30 June 2011 RMB'000 (Unaudited)	Year ended 31 December 2010 RMB'000 (Audited)
Cost and carrying amount at beginning of the year/period	**256,823**	249,882
Acquisitions of subsidiaries (note 22)	**60,047**	31,596
Disposed of subsidiaries (note 23)	**(470)**	–
Exchange realignment	**16,882**	(24,655)
Cost and carrying amount at end of the year/period	**333,282**	256,823

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.

Key assumptions were used in the value in use calculation of the wind turbine generator manufacturing and sale cash-generating unit for 30 June 2011 and 31 December 2010. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

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

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

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

12. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	Six months ended 30 June 2011 RMB'000 (Unaudited)	Year ended 31 December 2010 RMB'000 (Audited)
At beginning of the period/year, net	**330,202**	99,567
Disposals of subsidiaries	**–**	(61)
Deferred tax credited to profit or loss during the period (note 7)	**68,134**	222,210
Exchange realignment	**7,780**	8,486
At end of the period/year, net	**406,116**	330,202

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

	Six months ended 30 June 2011 RMB'000 (Unaudited)	Year ended 31 December 2010 RMB'000 (Audited)
Deferred tax assets:		
Provision for impairment of assets	**66,014**	57,378
Difference in amortization for tax purposes	**–**	1,814
Provisions and accruals	**208,128**	195,723
Government grants received not yet recognized as income	**4,304**	4,051
Unrealized gains arising from intra-group sales	**182,017**	132,927
Others	**9,107**	7,276
Gross deferred tax assets	**469,570**	399,169
Deferred tax liabilities:		
Excess of fair values of identifiable assets and liabilities over carrying values in acquisition of a subsidiary in 2008	**62,568**	56,566
Others	**886**	12,401
Gross deferred tax liabilities	**63,454**	68,967
Net deferred tax assets	**406,116**	330,202

13. INVENTORIES

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Raw materials	**3,608,290**	1,959,335
Work in progress	**1,950,897**	1,520,661
Finished and semi-finished goods	**2,968,560**	788,563
Consigned processing materials	**23,143**	112,002
Low-value consumables and others	**56,393**	10,155
	8,607,283	4,390,716

14. TRADE AND BILLS RECEIVABLES

	Six months ended 30 June 2011 RMB'000 (Unaudited)	Year ended 31 December 2010 RMB'000 (Audited)
Trade receivables	**8,709,434**	6,888,428
Bills receivable	**52,385**	517,758
Retention money receivables	**951,838**	549,034
Provision for impairment	**(430,654)**	(372,091)
	9,283,003	7,583,129

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.

14. 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:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Within 3 months	**3,133,852**	4,143,724
3 to 6 months	**1,198,890**	979,376
6 months to 1 year	**3,263,760**	1,361,589
1 to 2 years	**1,283,324**	795,912
2 to 3 years	**280,084**	217,852
Over 3 years	**123,093**	84,676
	9,283,003	7,583,129

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

	As at 30 June 2011 RMB'000 (Unaudited)
Neither past due nor impaired	**3,193,060**
Less than 3 months past due	**1,045,806**
3 to 6 months past due	**913,229**
	5,152,095

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.

As at 30 June 2011, all the Group's trade receivables were either individually or collectively considered to be impaired.

14. TRADE AND BILLS RECEIVABLES (continued)

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

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
At beginning of the year/period	**372,091**	187,036
Impairment losses recognized (note 5)	**120,657**	308,464
Impairment losses reversed (note5)	**(63,005)**	(123,166)
Exchange realignment	**911**	(243)
At end of the year/period	**430,654**	372,091

The amounts due from Xinjiang Wind Power Company Limited ("Xinjiang Wind Power") (新疆風能有限責任公司), the 13.95%-owned shareholder of the Company, jointly-controlled entities and an associate included in the trade and bills receivables are as follows:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
13.95%-owned shareholder of the Company	**14,395**	14,395
Jointly-controlled entities	**25,085**	186,743
Associates	**6,712**	1,820
	46,192	202,958

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 30 June 2011, the Group's trade receivables amounting to RMB65,720,000 (31 December 2010: RMB40,418,000) were pledged to secure certain of the Group's bank loans (note 19).

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Advance to suppliers	816,026	589,230
Prepayments	101,655	4,325
Deposits and other receivables	1,233,136	703,421
Provision for impairment	(5,029)	(4,909)
	2,145,788	1,292,067
Portion classified as non-current assets	(100,412)	(88,032)
Current portion	2,045,376	1,204,035

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

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
At beginning of the year/period	4,909	5,299
Impairment losses recognized (note5)	236	5,710
Impairment losses reversed (note 5)	(181)	(4,204)
Amounts written off as uncollectible	–	(1,780)
Exchange realignment	65	(116)
At end of the year/period	5,029	4,909

The amounts due from China Three Gorges New Energy Corporation ("Three Gorges") (中國三峽新能源公司) the 12.38% owned shareholder of the Company, the Group's jointly-controlled entities and associates included in the prepayments, deposits and other receivables are as follows:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
12.38%-owned shareholder of the Company	55,750	–
Jointly-controlled entities	146	91,323
Associates	169,293	139,008
	225,189	230,331

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

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Cash and bank balances	5,093,227	7,158,170
Time deposits	861,668	2,500,029
	5,954,895	9,658,199
Less: Pledged time deposits for		
– bank loans (note19 (b))	(163,605)	(196,307)
– uncompleted transaction	–	(138,292)
	(163,605)	(334,599)
Cash and cash equivalents in the consolidated financial statements	5,791,290	9,323,600
Less: Non-pledged time deposits with original maturity of three months or more when acquired	(261,900)	(81,200)
Cash and cash equivalents in the consolidated statements of cash flows	5,529,390	9,242,400
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	4,751,565	6,516,930
– other currencies	1,203,330	3,141,269
	5,954,895	9,658,199

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 authorized 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.

17. TRADE AND BILLS PAYABLES

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Trade payables	**5,350,763**	4,647,602
Bills payables	**3,507,228**	3,482,571
	8,857,991	8,130,173

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

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

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Within 3 months	**4,129,824**	6,375,994
3 to 6 months	**2,212,703**	1,533,364
6 months to 1 year	**2,444,263**	132,383
1 to 2 years	**50,482**	79,389
2 to 3 years	**16,824**	7,298
Over 3 years	**3,895**	1,745
	8,857,991	8,130,173

The amounts due to Xinjiang Wind Power, the 13.95%-owned shareholder of the Company and the Group's associates included in the trade and bills payables are as follows:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
13.95%-owned shareholder of the Company	**128**	128
Associates	**123,070**	108,062
	123,198	108,190

18. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Advances from customers	1,010,961	1,039,514
Accrued salaries, wages and benefits	29,268	131,451
Other taxes payable	62,757	429,443
Others	210,906	351,833
	1,313,892	1,952,241

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

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2011			As at 31 December 2010		
	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000 (Audited)
Current						
Short term bank loans:						
– Unsecured	3.51-7.26	2012	3,919,914	1.26-5.58	2011	881,425
– Secured	4.74-6.94	2012	146,172	1.70-3.38	2011	187,953
Current portion of long term bank loans:						
– Unsecured	3.89	2012	3,883	2.40-3.96	2011	325,989
– Secured	6.12-6.67	2011-2012	86,523	5.76-6.72	2011	106,159
			4,156,492			1,501,526
Non-current						
Long term bank loans:						
– Unsecured	3.89-5.59	2012-2024	138,961	3.96-5.84	2012-2024	152,881
– Secured	3.25-8.33	2012-2024	1,529,782	2.10-6.72	2012-2024	1,312,433
			1,668,743			1,465,314
			5,825,235			2,966,840
Interest-bearing bank and other borrowings denominated in:						
– RMB			5,266,966			2,353,498
– Euro			448,157			452,123
– United States dollar			110,112			161,219
			5,825,235			2,966,840

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

The maturity profile of the interest-bearing bank and other borrowings as at 30 June 2011 and 31 December 2010 is as follows:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Analyzed into:		
Bank loans repayable		
Within one year	4,156,492	1,501,526
In the second year	145,713	191,943
In the third to fifth years, inclusive	435,940	374,420
Above five years	1,087,090	898,951
	5,825,235	2,966,840

The Group's bank loans of approximately RMB1,880,248,000 (31 December 2010: RMB2,307,998,000) as at 30 June 2011 were secured or guaranteed as follows:

(a) As at 30 June 2011, certain of the Group's bank loan amounting to approximately RMB1,459,610,000 (31 December 2010: RMB1,351,000,000) were secured by mortgages over certain of the Company's subsidiaries' property, plant and equipment and prepaid land lease payments and rentals and by pledge of these subsidiaries' electricity charges right and their future income thereon. As at 30 June 2011, the aggregate carrying values of the property, plant and equipment amounted to RMB1,725,369,000 (31 December 2010: RMB1,852,669,000) (note 10). As at 30 June 2011, the book value of prepaid land lease payments amounted to RMB9,797,000 (31 December 2010: nil). As at 30 June 2011, the aggregate carrying values of the receivables under the electricity charge amounted to RMB65,720,000 (31 December 2010: RMB40,418,000) (note 14).

(b) As at 30 June 2011, croup certain of the Group's bank loan amounting to approximately RMB170,745,000 (31 December 2010: RMB187,953,000) were secured by pledge of certain of the Group's bank deposits amounting to approximately RMB163,605,000 (31 December 2010: RMB196,307,000) (note 16) as at 30 June 2011.

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

The Group's bank loans of approximately RMB1,880,248,000 (31 December 2010: RMB2,307,998,000) as at 30 June 2011 were secured or guaranteed as follows: (continued)

(c) As at 30 June 2011, certain of the bank loans of one of the subsidiaries, Tellhow Wind Power Blade Jiangsu Co., Ltd. ("Tellhow Jiangsu"), amounting to approximately RMB54,983,000, were guaranteed by the independent 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 of the carrying values aggregating to RMB102,371,000 (31 December 2010: RMB127,680,000) (note 10) and RMB60,113,000 (31 December 2010: RMB60,220,000), respectively.

(d) As at 30 June 2011, certain of the bank loans of Tellhow Jiangsu, amounting to approximately RMB77,000,000 (31 December 2010: RMB333,870,000), were guaranteed by Nanjing Xiexin, an Independent third party.

(e) As at 31 December 2010, certain of the bank loans of one of the Company's subsidiaries, Goldwind Windenergy GmbH ("Goldwind Windenergy"), amounting to approximately EUR36,340,000 (equivalent to approximately RMB320,028,000) 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. The loans were fully repaid during the six months ended 31 December 2010.

(f) As at 31 December 2010, 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) 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. he loans had been repaid in full during the six months period ended 30 June 2011. The loans were fully repaid during the six months ended 30 June 2011.

(g) As at 30 June 2011, certain of the Group's bank loans amounting to approximately EUR1,327,000 (equivalent to approximately RMB12,423,000), were secured by mortgages over Goldwind Windenergy's property, plant and equipment. As at 30 June 2011, the aggregate carrying values of the property, plant and equipment amounted to RMB20,728,000 (31 December 2010: RMB17,517,000) (note 10).

(h) As at 30 June 2011, the bank loan of one of the Group's subsidiaries in the United States Tianrun Shady Oaks, LLC, ("Tianrun Shady Oaks") amounting to USD10,000,000 (equivalent to approximately RMB64,716,000), was secured by pledge of the shares held by Tianrun Shady Oaks in GSG6, LLC amounting to USD32,485,000 (equivalent to approximately RMB210,227,000). (31 December 2011: nil).

(i) As at 30 June 2011, the bank loan of one of the Group's subsidiaries in the United States, Uilk Wind Farm, LLC amounting to USD6,300,000 (equivalent to approximately RMB40,771,000) was being guaranteed by the Company.

20. ISSUED SHARE CAPITAL

	30 June 2011		31 December 2010	
	Number of shares '000 (Unaudited)	Nominal value RMB'000 (Unaudited)	Number of shares '000 (Audited)	Nominal value RMB'000 (Audited)
Registered, issued and fully paid:				
A shares of RMB1.00 each	2,194,541	2,194,541	2,194,541	2,194,541
H shares of RMB1.00 each	500,047	500,047	500,047	500,047
	2,694,588	2,694,588	2,694,588	2,694,588

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

	Six months ended 30 June 2011		Year ended 31 December 2010	
	Number of shares '000 (Unaudited)	Nominal value RMB'000 (Unaudited)	Number of shares '000 (Audited)	Nominal value RMB'000 (Audited)
At beginning of the year/period	2,694,588	2,694,588	1,400,000	1,400,000
Issue of bonus shares	–	–	840,000	840,000
Public offer of H shares	–	–	454,588	454,588
State legal person shares converted into H shares	–	–	(45,459)	(45,459)
H shares converted from state Legal person shares	–	–	45,459	45,459
At end of the year At beginning of the year/period	2,694,588	2,694,588	2,694,588	2,694,588

21. RESERVES

The amounts of the Group's reserves for the current and prior year were fully repaid on page 25 of these financial statements.

22. ACQUISITION OF SUBSIDIARIES

(i) Acquired entities

For the six months ended 30 June 2011, certain equity interests in subsidiaries now comprising the Group were acquired from third parties for the purpose of expanding our business. Acquisitions of equity interests in these subsidiaries have been accounted for using the acquisition method of accounting effective from the dates when the subsidiaries were controlled by the Group. Details are as follows:

For the six months ended 30 June 2011

Company name	Acquisition date	Percentage of interest acquired	Cash consideration
Xinjiang Tiankun Wind Power Logistic Co., Ltd	24 June 2011	67.74%	RMB10,500,000.00
Windpark Bestwig-Berlar GmbH & Co KG	1 January 2011	100.00%	EUR1,408,828.37
Gullen Range Wind Farm Pty Ltd	28 January 2011	100.00%	AUD6,920,612.00
Shuozhou City Pinglu district Tianrui Wind Power Co., Ltd.	17 May 2011	35.00%	RMB17,500,000.00

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

	Notes	Fair value recognized on acquisition Six months ended 30 June 2011 RMB'000 (Unaudited)
Property, plant and equipment, net	10	35,385
Prepaid land lease payments		2,408
Other intangible assets		15,189
Trade and bills receivables		240
Prepayments, deposits and other receivables		858
Derivative financial instruments		176
Cash and cash equivalents		19,502
Trade and bills payables		(5,267)
Other payables and accruals		(7,313)
Interest-bearing bank loans		(24,218)
Total identifiable net assets at fair value		36,960
Non-controlling interests		(7,499)
Goodwill on acquisition	11	60,047
Fair value of shares held before the acquisition date		(4,000)
Satisfied by cash		85,508

22. ACQUISITION OF SUBSIDIARIES (continued)

(i) Acquired entities (continued)

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

	For the six months ended 30 June 2011 RMB'000 (Unaudited)
Cash and cash equivalents paid*	245,650
Cash and cash equivalents acquired	(19,502)
Net outflow of cash and cash equivalents included in cash flows from investing activities	226,148

* This amount contain the payment of previous balance for subsidiary acquisition approximately RMB175,252,000.

(ii) Acquired entities' contributions to results

Contributions to the Group's revenue and the Group's profit before tax for the six months ended 30 June 2011 between the dates of acquisition and the year end dates of the respective periods are as follows:

	30 June 2011 RMB'000 (Unaudited)
Contributions to:	
Group's revenue	1,484
Group's profit before tax	(320)

23. DISPOSALS OF SUBSIDIARIES

On 29 March 2011, the Group disposed of its 100% shareholding interest in Beijing Xingqiyuan Energy Conservation Technology Co., Ltd. ("Xingqiyuan") (北京興啟源節能科技有限公司) to Three Gorges, the 12.38% owned shareholder of the Company, for a consideration in the form of cash of RMB111,500,000. Xingqiyuan was engaged in wind farm operation.

The net assets of the subsidiary disposed of during the six months ended 30 June 2011 were as follows:

	Notes	Six months ended 30 June 2011 RMB'000 (Unaudited)
Net assets disposed of:		
Property, plant and equipment, net	10	280,688
Goodwill	11	470
Cash and cash equivalents		21,753
Trade and bill receivables		10,715
Prepayments, deposits and other receivables		43,038
Trade payables		(31,183)
Other payables		(498)
Interest-bearing bank loans		(300,000)
Non-controlling interests		–
		24,983
Gain on disposals of subsidiaries		86,517
Total consideration		111,500
Satisfied by cash		111,500

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

	Six months ended 30 June 2011 RMB'000 (Unaudited)
Current Cash consideration received	–
Cash and cash equivalents disposed of	(21,753)
Net inflow/outflow of cash and cash equivalents in respect of the disposals of subsidiaries	(21,753)

24. DERECOGNITION OF A SUBSIDIARY

(i) On 30 June 2011, the Group's subsidiary Beijing Tianrun ("Beijing Tianrun") (北京天潤新能投資有限公司) signed a cooperative agreement with an independent third party shareholder who with a 49% shareholding interest in Shanxi Yulong Group Youyu Niuxinbao Windpower Generation Co., Ltd. ("Youyu Niuxinbao") (山西玉龍集團右玉牛心堡風力發電有限公司), based on the requirement of equity interest transfer in the future, they confirmed that the abrogation of voting right agreement they have signed. Starting on the date of the cooperative agreement, Youyu Niuxinbao has been accounted for as a jointly-controlled entity of the Group.

(ii) The Group's subsidiary Beijing Tianrun and an independent third party shareholder signed an agreement to increase the paid-up capital of Guazhou Tianrun Wind Power Co., Ltd. ("Guazhou Tianrun") (瓜州天潤風電有限公司). After the increase in paid-up capital, Guazhou Tianrun's registered capital increased from RMB30,000,000 to RMB98,100,000, and Beijing Tianrun's shareholding accounted for 40% of Guazhou Tianrun's registered capital. The date of completion of the capital injection was 30 March 2011. Therefore, the Group no longer consolidated Guazhou Tianrun starting on 30 March 2011.

For the six months ended 30 June 2010, the net assets of derecognized subsidiaries are as follows:

	Notes	Six months ended 30 June 2011 RMB'000 (Unaudited)
Net assets derecognised:		
Property, plant and equipment, net	10	528,956
Prepaid land lease payments		3,039
Prepayments		12,218
Trade receivables		18,270
Prepayments, deposits and other receivables		81,285
Cash and cash equivalents		253,630
Trade payables		(265,242)
Other payables		(75,340)
Interest-bearing bank loans		(491,000)
Non-controlling interests		(94,140)
		(28,324)
Fair value of net assets not disposed		(64,513)
Gain on derecognition of a subsidiary	4	(92,837)
Cash and cash equivalent derecognition of		(253,630)
Settlement of prior year`s unsettled receivable		171,513
Outflow of cash and cash equivalents in respect of the derecognition of a subsidiary		(82,117)

25. CONTINGENT LIABILITIES

As at 30 June 2011 and 31 December 2010, contingent liabilities not provided for in the financial statements were as follows:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Letters of credit issued	555,413	489,500
Letters of guarantee issued	4,081,355	4,993,230
Guarantee given to a bank in connection with a bank loan granted to a third party and a jointly-control entity	288,000	298,000
	4,924,768	5,780,730

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.

26. OPERATING LEASE ARRANGEMENTS

(a) As leaser

The Group and the Company leases its investment properties and certain equipment under operating lease arrangements, with leases negotiated for terms ranging from one to five years. As at 30 June 2011 and 31 December 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
Within one year	15,950	15,644
In the second to fifth years, inclusive	11,003	17,119
	26,953	32,763

26. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

At 30 June 2011 and 31 December 2010 the Group had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
Within one year	9,605	12,276
In the second to fifth years, inclusive	9,114	8,029
Beyond five years	4,673	4,770
	23,392	25,075

27. COMMITMENTS

In addition to the operating lease commitments detailed in note 26(b) above, the Group and the Company had the following capital commitments as at 30 June 2011 and 31 December 2010:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment and land use rights	2,218,204	1,431,785
Authorized, but not contracted for:		
Property, plant and equipment and land use rights	1,568,743	1,130,766
Jointly-controlled entities	30,640	31,400
	3,817,587	2,593,951

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 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (audited)
Contracted, but not provided for:		
Property, plant and equipment	131,980	91,511

28. CONNECTED TRANSACTIONS

(a) The Group had the following significant transactions with connected parties during the reporting period:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Continuing transactions:		
13.95%-owned shareholder of the Company:		
Services	**–**	1,950
Associates:		
Purchases of spare parts and processing services	**301,758**	12,147
Sell spare parts and service	**75**	–
Jointly-controlled entities:		
Sales of wind turbine generators	**279,714**	189,749
Processing services	**8,939**	–

Non-continuing transactions:

The bank loan of one of the Group's jointly-controlled entities, Damao Qi Tianrun, amounting to RMB267,000,000 as at 30 June 2011 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 2011.

Beijing Tianrun signed an equity transfer agreement with Three Gorges (12.38%-owned shareholder of the Company) to dispose 100% of shares of Xinqiyuan in December 2010. The equity transfer was completed in March 2011. The consideration of the equity transfer amounted to approximately RMB111,500,000. As at 30 June 2011, the balance of receivables from Three Gorges for the transaction of equity transfer amounted to RMB55,750,000.

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 connected transactions were conducted in the ordinary course of business.

28. CONNECTED TRANSACTIONS (continued)

(b) Outstanding balances with connected parties

Details of the outstanding balances with connected parties are set out in notes 14, 15 and 17 of these interim financial statements.

(c) Compensation of key management personnel of the Group

For the six months ended 30 June 2011 Directors and other members of key management remuneration are as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Short-term employee benefits	**6,450**	6,387
Pension scheme contributions	**411**	203
	6,861	6,590

29. EVENT AFTER THE BALANCE SHEET DATE

Save as aforesaid no other significant event took place subsequent to 30 June 2011.

30. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the six months ended 30 June 2011 were approved and authorized for issue by the Board on 26 August 2011.