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

Innovating for a Brighter Tomorrow

Annual Report 2012

* For identification purpose only

Contents

Company Profile

Goldwind is one of the earliest Chinese manufacturers in the wind power industry. Our core group of technical and management personnel have more than 20 years of experience in this industry.

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

Goldwind is one of the earliest Chinese manufacturers in the wind power industry. Our core group of technical and management personnel have more than 20 years of experience in this industry. We have established ourselves as a global leader in manufacturing wind turbine generators ("**WTGs**") and providing comprehensive wind power solutions. Goldwind is principally engaged in the following business segments: (1) WTG Research and Development ("**R&D**"), Manufacturing and Sales; (2) Wind Power Services; and (3) Wind Farm Investment, Development and Sales. Drawing from our extensive experience in the R&D and manufacture of WTGs and wind farm development, Goldwind is not only able to provide customers with high quality WTGs, but also comprehensive wind power services and wind farm development solutions, allowing us to meet our customers' needs in multiple segments of the wind power industry's value chain.

Goldwind's mainstream products are the 1.5 megawatt ("**MW**") and 2.5MW direct-drive permanent magnet ("**DDPM**") WTGs, currently operating under diverse environmental conditions in 20 countries, across six continents. Our longest serving WTGs have been in service for over eight years. We have also developed several specialised WTG series that are adapted to diverse environmental conditions, including low wind speed, high altitude, high and low temperature, offshore, and inter-tidal conditions. Currently, we have completed the assembly of various components of our 6MW DDPM WTG prototype and are continuing with testing. The testing phase is progressing as planned. In addition, we are focusing on the R&D of our 10MW WTG, which is a key project for the *Design and Technological Research of Super Large Capacity Offshore WTGs* (超大型海上風力發電機組設計技術研究) under the national 863 Project. This model is developed for the future offshore wind power market and we are making steady progress with various design tasks. Our DDPM technology possesses four significant advantages, which are high efficiency, high reliability, superior grid connectivity, and lower spare parts and consumables requirements. After years of testing and analysis, these advantages of DDPM technology have been widely recognised by the wind power industry.

Goldwind's accumulated installed capacity exceeded 15,000MW and had over 12,000 units of installed WTGs by the end of 2012, including over 8,000 units of 1.5MW WTGs and 200 units of 2.5MW WTGs.

As the industry-leading provider of comprehensive wind power solutions, we will continue to strengthen and improve our market position and further expand into the international market. We will strive to provide high quality and reliable products and services, and maximise the value we deliver to our customers and long-term shareholder value.

Corporate Information

To contact Goldwind
investor relations,
please scan this QR code.

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Gang *(Chairman)*
Mr. Wang Haibo

Non-executive Directors

Mr. Li Ying *(Vice Chairman)*
Ms. Hu Yang
Mr. Yu Shengjun
Ms. Ji Dongmei

Independent Non-executive Directors

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

SUPERVISORS

Mr. Wang Mengqiu *(President of Supervisory Committee)*
Mr. Wang Shiwei
Mr. Luo Jun
Mr. Xiao Zhiping
Ms. Zhang Xiaotao

COMPANY SECRETARY

Ms. Ma Jinru

AUTHORISED REPRESENTATIVES

Mr. Wu Gang
Ms. Ma Jinru

AUDIT COMMITTEE

Dr. Tin Yau Kelvin Wong
Mr. Wang Yousan
Mr. Li Ying

REMUNERATION AND ASSESSMENT COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGIC COMMITTEE

Mr. Wu Gang
Mr. Shi Pengfei
Ms. Hu Yang

PLACE OF BUSINESS

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

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

LEGAL COUNSEL

Morrison & Foerster

AUDITORS

International Auditor
Ernst & Young

PRC Auditor
Ernst & Young Hua Ming LLP

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 BANKS

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
China Merchants Bank, Urumqi Branch, North Jiefang Road Sub-Branch

COMPANY WEBSITE

www.goldwindglobal.com

Innovating for a Brighter Tomorrow

Conserve Natural Resources for the Future

Wu Gang
Chairman

Dear Shareholder,

On behalf of our board of directors, I present to you the Annual Report 2012 of Xinjiang Goldwind Science & Technology Co., Ltd..

The year 2012 was challenging for both the global and Chinese economies. Influenced by the uncertain macroeconomic environment and continued industry adjustments, China's wind power industry continued the retrenching that began in 2011 with a further decrease in sales volume in 2012. According to statistics for China's wind power industry development in 2012 issued by the Chinese Wind Energy Association, domestic newly installed wind power capacity in 2012 was 12,960MW, a decrease of 26.5% compared with 2011.

Assisted by our stakeholders at home and abroad and the efforts of our employees in facing such difficult challenges, Goldwind achieved 2,521.5MW of newly installed capacity in 2012 in China and continues to rank first in the domestic market. In addition, Goldwind sold a total generating capacity of 2,583.3MW in 2012, a decrease of 16.82% year-over-year, our revenue from operations was RMB11,225 million and our net profit attributable to the shareholders of the Company was RMB153 million, a decrease of 12.00% and 74.77% year-over-year, respectively. Despite a decrease in our results, our core strategies and business concepts of technological innovation, product quality, outstanding services, innovative business models, cost control, internationalisation, and the high priority given to our customers and environmental protection have been recognised and valued by our customers, employees and the wind power industry. These strategies are the foundation of our current and future success.

Today, Goldwind has emerged as a leading global comprehensive wind power solutions provider, diversified by our business segments that include WTG R&D, Manufacturing and Sales, Wind Power Services, and Wind Farm Investment, Development and Sales, in our growing series of wind turbine generators, and in our ability to provide WTGs optimised for several operating environments that include low wind speed, high altitude, low and high temperature, offshore and intertidal.

In 2012, Goldwind responded to the challenges of the market and was the first to introduce the ultra-low wind speed direct-drive permanent magnet WTG model GW93/1500 to the domestic market. This WTG model was welcomed and highly recognised by the market. In addition to our efforts to develop and optimise our WTGs, our mainstream WTG models, the 1.5MW and 2.5MW DDPM WTG series, successively received several independent certifications around the world that demonstrate our WTGs satisfy the design, safety and quality requirements of many global markets. Our first domestic large-scale inter-tidal project has also been successfully connected to the electrical grid. In addition, the assembly of various components for the prototype of our key 6MW offshore DDPM WTG R&D project, designed for us to compete in the future offshore market, has been completed and we are continuing with testing.

In the international market, Goldwind completed the sale of two large-scale wind farm projects, the Mortons Lane project in Australia in 2012 and Shady Oaks project in the USA in early 2013. These projects should benefit Goldwind in extending our global reach. In addition, our product sales in the international market also achieved excellent results. So far, our products have been installed in 20 countries, across six continents.

Looking ahead to 2013, with the effects of the financial crisis gradually diminishing, the global economy is beginning to recover, and along with the introduction of a series of wind industry policies and standards in China have stimulated the wind power industry towards a more standardised and sustainable development, and improved the technological standards of the industry. The resulting healthier and more orderly macroeconomic and industry environment should benefit Goldwind and allow us to strengthen our market-leading position through our superior technological innovation and product quality.

We are confident about the future development of the wind power industry. As the most mature and commercialised clean and renewable energy source with a cost per kilowatt-hour closest to that of traditional power sources, wind power is an important foundation for China's strategic emerging industries, is essential to the restructuring of China's energy mix, is a key stimulant for China's continued economic development and maturity, and will help to improve the environment for everyone. The domestic wind power industry continues to have a large amount of untapped potential for future development.

In 2013, Goldwind will continue to embrace the development opportunities of China's strategic emerging industries. Guided by our long-term strategies, we will strive to streamline and strengthen our core businesses, continue to increase our R&D and innovation, as well as explore new profit channels, effectively allocate our resources, and improve our management and our profitability. Building on our strong foundation of core competitive advantages, we will continue to develop as an international enterprise, maximise value for our customers, contribute to economic development, and help improve the environment around the world through our outstanding clean energy products and services.

Importantly, we will sustain our emphasis on operating at the highest standards of legal and ethical conduct, fulfilling our corporate social responsibilities, encouraging a healthy lifestyle for our employees, supporting and participating in charitable events, and helping to improve air quality and conserve natural resources for the future.

Finally, on behalf of the board of directors, we thank you and our business partners for your continued support in 2012, and express our sincere gratitude to each of our employees for their outstanding efforts and many achievements.

Yours Sincerely,

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

Financial Highlights

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Except share data, all amounts in RMB thousands)

	Year ended 31 December 2012	2011	Percentage Change
REVENUE	**11,224,926**	12,755,970	(12.00%)
PROFIT BEFORE TAX	**206,856**	864,434	(76.07%)
Income tax expense	**(41,387)**	(146,448)	(71.74%)
PROFIT FOR THE YEAR	**165,469**	717,986	(76.95%)
Profit attributable to:			
Owners of the Company	**153,054**	606,707	(74.77%)
Non-controlling interests	**12,415**	111,279	(88.84%)
OTHER COMPREHENSIVE INCOME	**8,663**	(105,460)	108.21%
TOTAL COMPREHENSIVE INCOME	**174,132**	612,526	(71.57%)
EARNINGS PER SHARE:			
Basic and diluted (RMB/share)	**0.06**	0.23	(74.77%)

SUMMARY OF SEGMENT REVENUE

(All amounts in RMB thousands)

	Year ended 31 December 2012	2011	Percentage Change
Sales of WTGs and components	**10,580,843**	12,254,476	(13.66%)
Wind power services	**392,126**	362,661	8.12%
Wind farm development	**251,957**	138,833	81.48%
Total	**11,224,926**	12,755,970	(12.00%)

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB thousands)

	As at 31 December **2012**	2011	Percentage Change
Total assets	**32,396,498**	32,430,186	0.10%
Total liabilities	**(19,110,873)**	(19,161,677)	(0.27%)
NET ASSETS	**13,285,625**	13,268,509	0.13%
Equity attributable to owners of the Company	**12,902,654**	12,874,059	0.22%
Non-controlling interests	**382,971**	394,450	(2.91%)

SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands)

	Year ended 31 December **2012**	2011	Percentage Change
Net cash flows (used in)/from operating activities	**2,499,938**	(4,133,442)	160.48%
Net cash flows used in investment activities	**(2,303,893)**	(3,356,277)	31.36%
Net cash flows (used in)/from financing activities	**(1,163,215)**	5,904,796	(119.70%)

Milestones of 2012

February

Goldwind was selected, for the second consecutive year, as one of the "2012 50 Most Innovative Companies" by the Massachusetts Institute of Technology's *Technology Review* magazine, in recognition of Goldwind's ability to customise our WTGs to adapt to challenging operating environments.

March

Goldwind was awarded the "African Wind Project of the Year 2011", part of the annual African Energy Awards, in recognition of our advanced DDPM WTGs and the systematic technical solutions provided to the Adama wind farm project in Ethiopia, as well as the demonstrative effects of this project on the development of Africa's renewable energy industry.

April

Goldwind launched our GW93/1500 ultra-low wind speed DDPM WTG model. It has one of the highest power generation efficiencies amongst comparable products in China. This is another one of our products that maximise value for our customers.

May

Construction of the Shady Oaks project in Illinois, USA, Goldwind's first large-scale project overseas, was completed.

August

Goldwind's GW87/1500 low wind speed DDPM WTG model received the Design Assessment certificate from TÜV Nord, demonstrating that the GW87/1500 model meets international standards. This will support Goldwind's efforts to further expand in overseas markets and satisfy diversified product demand of our domestic and overseas customers.

2012 50 Most Innovative Companies

September

Goldwind signed a contract with Electricity Generating Public Company Limited ("**EGCO Group**"), a subsidiary of Thailand's state grid company, to provide three GW109/2500 low wind speed DDPM WTGs and a wind farm central control system for its Theppana wind farm project, EGCO Group's first wind power project in Thailand.

Goldwind participated in the 2nd China-Eurasia Expo held in Urumqi, Xinjiang, the second time that Goldwind has attended this prestigious event, showcasing a variety of our comprehensive new energy solutions including specialised DDPM WTGs, comprehensive wind power services and wind farm development, smart micro-grid, and complimentary use of wind and solar power.

October

Goldwind's GW93/1500 ultra-low wind speed DDPM WTG model was awarded the Design Approval certification by the China General Certification Centre in Beijing, China's leading certification institution, demonstrating the design of various components of this model satisfies industry standards.

November

Goldwind began construction of the Gullen Range project, our largest overseas wind farm project, supplying 17 units of our 1.5MW and 56 units of our 2.5MW DDPM WTGs totalling 165.5MW, and responsible for its construction. This project represents the first of our 2.5MW DDPM WTGs in the Australian market.

Goldwind's 2.5MW DDPM WTG has successfully passed the zero voltage ride-through field test administered by China Electric Power Research Institute, demonstrating DDPM WTGs' grid-friendly characteristics and its low voltage ride-through capabilities have not only satisfied the relevant national requirements and standards, but have reached above and beyond.

December

Goldwind was identified as one of the China Intellectual Property Champions for the first time by *Intellectual Asset Management*, a world renowned industry magazine published by the IP Media Group. Goldwind was the only wind power equipment manufacturer to receive this honour in 2012.

Management Discussion and Analysis

Environmental Protection and Sustainable Development

Investing in communities, Improving air quality, **Innovating for a Brighter Tomorrow**

Our products are valued by our clients and the market, our backlog has remained strong, and we have maintained our market leadership.

INDUSTRY REVIEW

The global economy continued to be in a period of adjustment in 2012 following the economic crisis. Several major economies experienced a further slowdown in growth, and developing countries and emerging markets also faced pressures of inflation and slower economic growth. Influenced by slower growth around the world, the rate of economic growth of the People's Republic of China (the "**PRC**" or "**China**") also showed signs of decline. However, with the implementation of "steady growth, alternative methods, and restructuring" solutions, China's economy is gradually showing signs of stability and recovery. China's demand for power was strong in 2012 with domestic power consumption increasing 5.5% year-over-year ("**YoY**") to 4,959.1 billion kilowatt hours, of which the contribution of wind power increased to 2% from 1.6% in 2011 and grid connection rate reached an all-time high of 80%, yet investment in the construction of power infrastructure showed a minor decrease YoY. Following the trend of 2011, with continued adjustments in the wind power industry, newly installed capacity continued to decrease YoY in 2012.

Global Wind Power Industry

The global accumulated installed wind power capacity in 2012 is expected to be approximately 280 gigawatts ("**GW**"), with newly installed wind power capacity during the year expected to exceed 40GW. The wind power industry of the USA increased significantly in 2012, while the wind power industry of Europe continued to grow also.

China's Wind Power Industry

Since 2011, problems with the development of China's wind power industry gradually became apparent. Issues including the grid connection bottleneck, severe wind power curtailment, and frequent quality and safety issues restricted the development of China's wind power industry, and the industry entered a period of adjustment and transition. This retrenching continued in 2012, whilst a series of industry policies including wind power technology, grid connection and consumption, project approval, and wind power tariffs were introduced. The continued improvements in wind power policy will stimulate the optimisation and consolidation of the industry and the industry enjoys a strong outlook.

1. Changes in China's Wind Power Policies

Sustainable Development through Planning

In March 2012, the Ministry of Science and Technology of the PRC issued the *Specialised Plan for the Development of Wind Power Technology under the Twelfth Five-Year Plan*（風力發電科技發展「十二五」專項規劃）that outlines the blueprint of wind power development on seven fronts, namely fundamental research, research and development ("**R&D**"), integrated demonstration, application, establishment of public service systems, cultivation of talents, and international technology cooperation.

In July 2012, the National Development and Reform Commission (the "**NDRC**") and the National Energy Administration (the "**NEA**") issued the *Renewable Energy Development under the Twelfth Five-Year Plan*（可再生能源發展「十二五」規劃）and *Wind Power Development under the Twelfth Five-Year Plan*（風電發展「十二五」規劃）, respectively. These plans further specified the targets of China's wind power development during the Twelfth Five-Year Plan and provided guidance going forward: continue to stimulate the growth of wind power through concentrated and distributed development, establish an electricity control and operations system suitable for the development of wind power, strengthen the wind power equipment manufacturing industry's innovation and its competitiveness in the global market, and improve wind power standards and the industry service system in order to create greater room for development.

In July 2012, the State Council issued the *Development Plan for National Strategic Emerging Industries under the Twelfth Five-Year Plan*（「十二五」國家戰略性新興產業發展規劃）that proposed the establishment of evaluation models, standards, inspection criteria, certification systems, and databases for wind power resources. This plan also proposed the establishment of wind power technology R&D institutions in order to achieve further technological breakthroughs, the development of wind power technology and equipment that can adapt to China's various climatic and geographic environments in order to meet demand for the development of onshore and offshore wind farms, and the establishment of large-scale wind power bases with ancillary pipelines in order to resolve issues such as power consumption that arise from long distance transmission of wind power.

The Twelfth Five-Year Plan represents a crucial period for the development of China's wind power industry to transition from quantity to quality orientated development. The wind power industry and technology plays an essential role in China's strategic emerging industries. The introduction of these relevant plans will guide and stimulate China's wind power industry towards a healthier and more sustainable development path.

Initiatives for Resolving the Grid Connection Bottleneck

(1) Due to the rapid increase of China's installed wind power capacity, curtailment of wind power has become increasingly problematic in certain areas. In April 2012, the NEA issued *the Notice of Requirements for Strengthening Wind Power Grid Connection and Consumption*（關於加強風電併網和消納工作有關要求的通知）. This notice stated that grid connection and curtailment problems have become major obstacles for the sustainable development of China's wind power industry. Four requirements were proposed in order to strengthen construction and operations management of wind power and ensure wind power grid connection and consumption. These requirements are to prioritise the management of wind power operations; implement grid connection and other standards for wind farm development, whereby adequate grid capacity will become the key criterion for planning project distribution and areas with significantly lower wind power utilisation rates will not receive permission for further development; improve management of wind farm operations and control, ensure grid connection of concessional projects and purchase all units of electricity generated, and the curtailment of power output by concessional and demonstration projects approved by the NEA is prohibited; and improve the construction and operations of wind farms. Improvement in power consumption by the grid will assist with the sustainable development of wind power that will not only improve the economic viability of the existing wind farms, but also provide investment incentives for wind farm developers.

(2) The NEA has completed the research and analysis, project designs, management methods and implementation plan on the Renewable Portfolio Standard in order to tackle the wind power grid connection bottleneck. The *Renewable Portfolio Standard Management Guidelines (Discussion Draft)*（可再生能源電力配額管理辦法（討論稿））was issued to all provinces for consultation, the implementation of which will be officially published after further amendments. These guidelines were prepared in accordance with the Renewable Energy Law. The introduction of these guidelines will have a substantial effect on facilitating the consumption of renewable energy to the grid, and will play a key role in ensuring that the target of a 15% representation by non-fossil fuel energy in terms of total energy consumption by 2020 can be achieved.

(3) In May 2012, the NDRC approved the ±800 kilovolt ultra high-voltage DC transmission project from South Hami to Zhengzhou. In August, the NEA proposed Zhangjiakou as a wind power development demonstration base and requested grid companies to expedite construction of ancillary grid projects and plan for the power transmission routes for this area.

Wind power curtailment is currently the biggest obstacle for the development of China's wind power industry. The introduction of these policies and measures demonstrate that the national energy regulatory authorities have become fully aware of the seriousness of the wind power grid connection bottleneck and power consumption problems, and has taken positive steps to tackle such problems in order to ensure the further development of the wind power industry.

Standardisation of Project Approvals

In February 2012, the NEA issued the *Notice of Regulatory Requirements for Wind Power Development, Construction and Management* (關於規範風電開發建設管理有關要求的通知) that proposed for stricter implementation of the wind power projects approval system, and newly approved projects will be required to take into account grid output requirements and the wind power consumption market. In addition, this notice proposed for strengthened management for the demand of power and to improve the efficiency of wind power consumption.

In order to better regulate the development of wind power, the NEA began to manage wind power project approvals centrally in 2011. In 2012, the NEA announced the second batch of wind power projects with full preliminary preparations and workable grid connection conditions approved under the Twelfth Five-Year Plan. Together with the supplemental project approvals and the first batch of projects approved in 2011, the cumulative approved wind power projects exceeded 55GW.

Concentrated and Distributed Development

Since the NEA proposed the broader focus on both concentrated and distributed development at the beginning of the Twelfth Five-Year Plan, the *Distributed Power Management Guidelines (Consultation Draft)* (分佈式發電管理辦法(徵求意見稿)) and the *Grid Connection of Distributed Power Management Guidelines (Consultation Draft)* (分佈式發電併網管理辦法(徵求意見稿)) were issued to encourage energy investors, energy users, micro-grid operators, professional energy service companies, and individuals with a certain amount of installation and usage to invest in distributed power. In addition, three solutions were also suggested for resolving the grid connection problem, these were on-site generation, grid connection for additional power generated, and grid connection for all power generated. Investors will enter into grid connection agreements and power purchase contracts with grid companies, and grid companies should proceed with the relevant procedures, ensure such projects are connected to the grid within the stipulated timeframe, and purchase all units of electricity generated by distributed renewable energy projects and subsidise distributed power by units generated.

These guidelines have significant implications for the reform of the power grid system and will stimulate the development of distributed power through measures including supplementary tariffs, sale of additional power generated to the grid companies, and offering ownership rights for grid equipment to investors. This has opened up new directions for the future of wind power consumption, grid connection and wind farm development.

Supplementary Tariffs for Renewable Energy to Boost Wind Power Development

The Measures for the Administration of Collection and Use of the Renewable Energy Development Fund（可再生能源發展基金徵收使用管理辦法）came into effect on 1 January 2012. This clarified issues including collection of proceeds, its usage, and its supervision and inspection.

In March 2012, the *Interim Measures for the Administration of the Approval and Confirmation of Renewable Energy Projects for Supplementary Tariffs on Electricity Prices*（可再生能源電價附加資金補助項目審核確認管理暫行辦法）and the *Interim Measures for the Administration of the Renewable Energy Supplementary Tariff Fund*（可再生能源電價附加補助資金管理暫行辦法）were issued. These measures clarified issues including the administration of project approvals, application requirements and project confirmation, tariff standards, budget management, and payment of funds.

During 2012, the Ministry of Finance, NDRC and NEA announced three batches of renewable energy projects qualified for supplementary tariffs on electricity prices.

Focus on Wind Power Safety Management

In light of frequent safety issues during wind farm construction and operations and weaknesses in the safety management of the wind power industry, the NEA successively issued procedures and regulations regarding grid connection testing of wind turbine generators ("**WTGs**"), post-construction inspection of wind farm projects, supervision of energy project quality, and operations and maintenance of wind farms in 2012, requiring wind farm developers to strengthen the safety management and quality control of wind farms in order to facilitate the sustainable development of the industry.

2. Wind Power Manufacturing Industry

China's newly installed wind power capacity in 2012 was 12,960MW, a decrease of 26.5% YoY. China's accumulated installed capacity reached 75,324.2MW, an increase of 20.8% YoY.

Demand for WTGs Rising in Inland Regions

The beginning and rapid growth of China's wind power industry mainly concentrated in the Three-North region and the coastal region in southeast China. These regions are rich in wind resources with the potential for large-scale development, and therefore have been the primary regions of competition for developers. On the contrary, the cost of development is high in inland regions, where wind resources are less prevalent and mostly in mountainous and highland areas. With growth in large-scale concentrated developments, intensifying competition, and worsening of wind power curtailment, the profitability of projects within the Three-North region and other regions rich in wind resources have been severely affected. Therefore, wind power markets in inland regions have attracted increasing attention. In addition, responding to the imbalance in market development, the national energy regulatory authorities reduced approvals of wind power projects in the Three-North region and increased approvals in inland regions. This has gradually increased the number of wind power projects in inland regions and facilitated the diversification of technology and markets. In order to meet demand for these projects, mostly situated in low wind speed or high altitude areas, manufacturers adjusted their R&D focus accordingly and began to introduce low wind speed and high altitude WTG models. This has increased the development value of these projects.

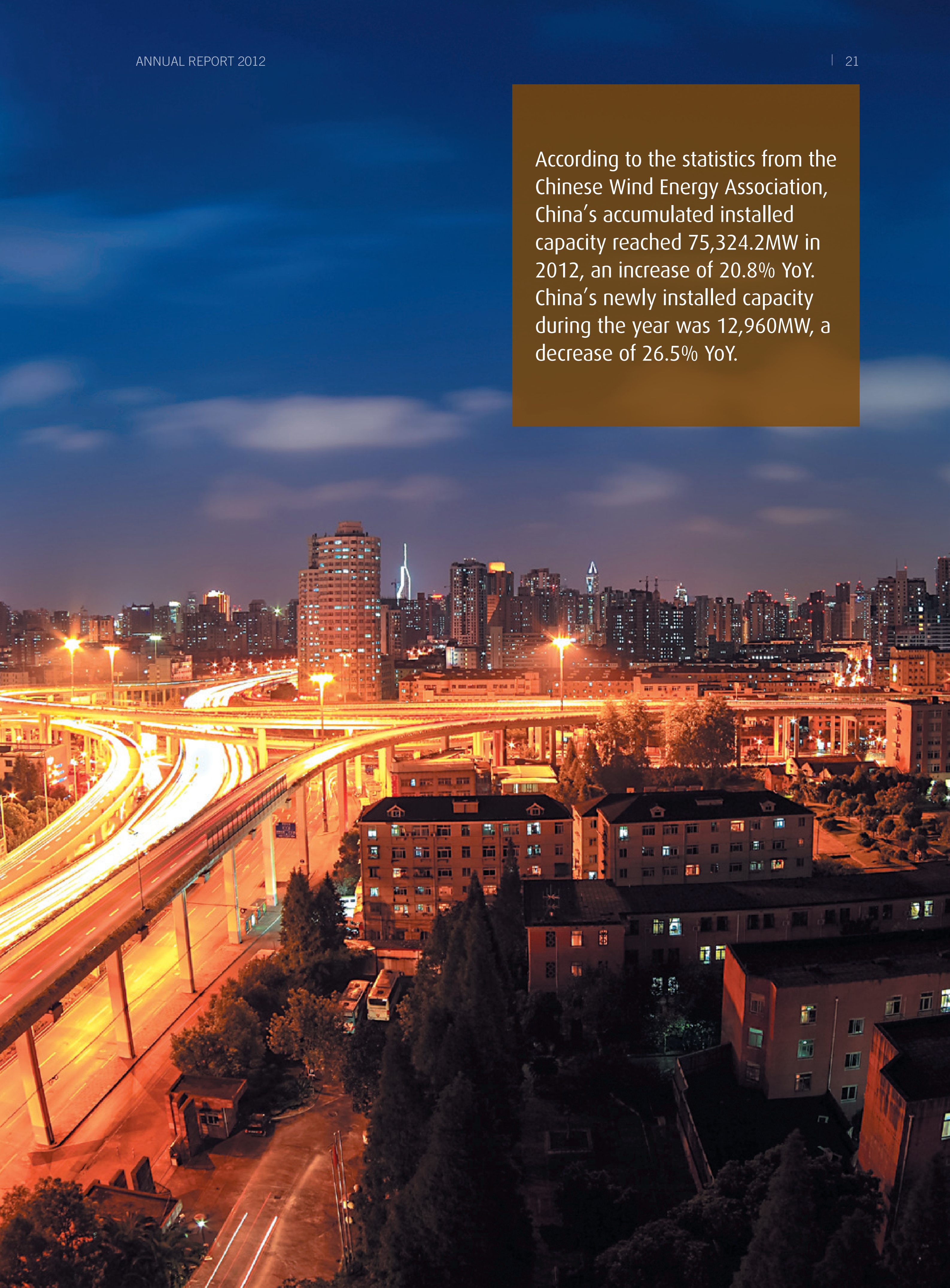
Average Bidding Price Stabilised and Increased Focus on Reliability

The average bidding price for the domestic wind power market gradually stabilised in 2012. Although fierce competition continues to exist, however, further reductions are limited due to the fact that the majority of manufacturers have already experienced losses. In addition, frequent WTG quality issues in recent years have also sent out a warning to the developing wind power industry. Market competition is no longer solely based on price as focus turns towards product quality and reliability, core technologies, and differentiation. WTGs with higher performance reliability and economic value will be favoured by the market.

Increasing Pace for R&D of Large Capacity Offshore WTG

Offshore wind power has become a major development path in China and abroad. In preparation for competitive products needed to compete in the offshore market, many domestic manufacturers have began the R&D of, or have successfully developed, large capacity offshore WTGs. The 6MW WTG model has already been completed in China, representing a new stage for China's development and manufacture of larger capacity WTGs.

According to the statistics from the Chinese Wind Energy Association, China's accumulated installed capacity reached 75,324.2MW in 2012, an increase of 20.8% YoY. China's newly installed capacity during the year was 12,960MW, a decrease of 26.5% YoY.



BUSINESS REVIEW

The industry slowdown continued in 2012 with further adjustments in the industry, fiercer competition and decreasing market demand. Declining operating performance is a common problem for all domestic wind power equipment manufacturers. Faced with such challenges, we maintained our proactive approach and principle of development through product quality by increasing investment in R&D, maintaining strict quality controls, strengthening cost controls, improving comprehensive wind power solutions capabilities, expanding into the global market, and optimising corporate management. This will provide support for our sustainable development, continued strengthening of our core competitive advantages, and help to ensure we maintain our technological and market leadership.

WTG R&D, Manufacturing and Sales

As the leading enterprise in the domestic wind power industry, Goldwind has maintained our business concept of maximising value for our customers over the years. Backed by our outstanding technical team and core resources, we will continue to provide high quality WTGs to the market, comprehensive services to our customers, and communicate with our investors with honesty and integrity. Through our hard work over the years, we have established our outstanding brand name and reputation in the market. Our excellent corporate image has also been highly praised and recognised by our investors, the industry and the market at home and abroad.

1. Product Manufacturing and Sales

During the reporting year, Goldwind achieved revenue from sales of WTGs and components of RMB10,580.84 million, representing a decrease of 13.66% YoY. We sold WTGs with a combined total capacity of 2,583.30MW, representing a decrease of 16.82% YoY. The following table provides the details of our WTG sales volumes in 2012 and 2011:

Model	**2012** Units Sold	**2012** Capacity Sold (MW)	2011 Units Sold	2011 Capacity Sold (MW)	Change in Capacity Sold
3.0MW	**–**	**–**	2	6.00	–
2.5MW	**147**	**367.50**	87	217.50	68.97%
1.5MW Series	**1,478**	**2,215.80**	1,921	2,881.50	(23.10%)
750kW	**–**	**–**	1	0.75	–
Total	**1,625**	**2,583.30**	2,011	3,105.75	(16.82%)

During the reporting year, in response to falling wind power installations in the domestic market, Goldwind established operating principles of stricter quality controls, cost controls, and reducing our inventories that achieved excellent results. The effects of our cost controls became evident during the second half of the year, gross profit margins of our WTGs in 2012 was 13.69%, representing an increase of 3.10 percentage points from 10.59% achieved during the first half of 2012. We also optimised our inventory. Our inventory as at 31 December 2012 decreased by 31.79% compared with the level as at 31 December 2011.

In 2012, Goldwind maintained our drive for quality. We performed stringent quality controls and ensured the operation of our quality system, manufacturing and after-sales service quality controls. Our product quality was tested in the international and domestic markets, demonstrating our high reliability, high availability rate and high quality, and was recognised and complimented by our customers.

2. Product and Technology R&D

To further enhance the market competitiveness of our products and proactively respond to market changes, Goldwind developed and launched our WTG series that satisfy customer demand based on different operating environments. In order to further increase our share in segmented markets and our overall competitiveness, Goldwind built on our existing product portfolio, targeting different operating conditions of inland regions including low wind speed and high altitude, and successfully developed the GW93/1500 ultra-low wind speed WTG model in 2012, the prototype of which has completed testing and this model has begun mass production. The GW93/1500 high temperature WTG model, developed concurrently, has also completed the design and indoor testing stages. As at the end of the reporting year, Goldwind's product portfolio already includes the 1.5MW WTG series with models designed for onshore, low and high temperature, high altitude, low wind speed, offshore, and inter-tidal environments.

Following our 1.5MW direct-drive permanent magnate ("**DDPM**") series models, another of our mainstream models, the 2.5MW DDPM WTG, was also gaining recognition in the domestic and international markets with its quality and economic value. In 2012, we successfully developed and launched the GW106/2500 WTG model, designed for Class II wind speeds, and the GW109/2500 WTG model, designed for inter-tidal regions. Both models have begun mass production and nearly 20 units of the GW109/2500 WTGs are already in operation. Such achievements have laid a solid foundation for us to continue to develop highly reliable offshore WTGs and expand our offshore wind power market. Our 2.5MW DDPM WTG has successfully passed the zero voltage ride-through field test administered by China Electric Power Research Institute, demonstrating the low voltage ride-through capabilities of our DDPM WTGs have not only satisfied the relevant national requirements and standards, but have reached above and beyond.

With the industry increasingly trending towards large capacity WTGs, we have also increased the rate of our R&D accordingly. Currently, we have completed the assembly of various components of our 6MW DDPM WTG prototype and are continuing with testing. The testing phase is progressing as planned. In addition, Goldwind is focusing on the R&D of our 10MW WTG, which is a key project for the *Design and Technological Research of Super Large Capacity Offshore WTGs*（超大型海上風力發電機組設計技術研究）under the national 863 Project. This model is developed for the future offshore wind power market and we are making steady progress with various design tasks.

Together with increasing the rate of development of our new models, we also strengthened our efforts in WTG certification. In 2012, our GW87/1500 low wind speed WTG was granted the Design Assessment certification from Germany's TÜV Nord, demonstrating the various designs of this model satisfy international standards, and will benefit Goldwind in pursuing further global expansion. Our newly developed GW93/1500 and GW109/2500 WTG models were granted the Design Approval certification by China General Certification Centre ("**CGC**") in Beijing, and the GW82/1500 WTG model also received the Type Certification from CGC. These certified models are now eligible for entry into the African, Asian and Latin American markets. In addition, our 1.5MW and 2.5MW WTG series also gained various certifications and evaluations required for entry to the North American, Australian, and European Union markets in 2012, including safety certifications, CE certifications, and occupational health and fire safety evaluations.

Goldwind's WTGs continue to pass independent domestic and international certifications and testing. This is essential to realising our goal of "technology and product internationalisation" and also demonstrates our strong R&D capabilities and technological advantages. This forms an integral part of our internationalisation strategy.

3. Business Development

Goldwind continues to uphold our business concept of prioritising our customer's value and market demand, providing our customers with high quality products and comprehensive wind power solutions. The Goldwind brand is continuing to gain higher market recognition and our products can consistently command a premium price above the market average. We will continue to strengthen our market leading position in China and push forward with our international development. Thanks to our efforts in recent years, our international business development is making good progress, and we have achieved encouraging results both for winning wind power projects and overseas orders.

> Goldwind's domestic newly installed capacity was 2,521.50MW with a corresponding market share of 19.50% in 2012. This represents the second consecutive year that we ranked first domestically. Our overseas newly installed capacity was 139.00MW, representing an increase of 25.25% YoY. Our accumulated installed capacity exceeded 15,000MW and we had over 12,000 units of installed WTGs globally by the end of 2012, including over 8,000 units of 1.5MW WTGs and 200 units of 2.5MW WTGs.

As at 31 December 2012, our backlog of orders under contract was 4,085.75MW, including 0.75MW of 750kW WTGs, 3,049.50MW of 1.5MW WTGs, 1,002.50MW of 2.5MW WTGs, and 33.00MW of 3.0MW WTGs, 424.25MW of these are overseas orders. In addition, we also had orders of 2,514.50MW of successful bids that are awaiting final contracts, including 6.00MW of 750kW WTGs, 2,058.00MW of 1.5MW WTGs, 447.50MW of 2.5MW WTGs, and 3.00MW of 3.0MW WTGs. The combined backlog was 6,600.25MW. Over 40% of the backlog of orders under contract as at the end of 2011 was executed in 2012 and nearly 50% of new orders under contract from 2012 were executed during the same period.

During the reporting year, Goldwind was identified as one of the China Intellectual Property Champions for the first time by Intellectual Asset Management ("**IAM**"), a world renowned industry magazine published by the IP Media Group. IAM wrote "Goldwind Science & Technology Co., Ltd. was identified as a Chinese company with a world class approach to the creation, management and exploitation of IP rights. It is a China IP Champion". Goldwind was the only wind power equipment manufacturer to receive this honour in 2012.

During the reporting year, Goldwind gained first place in the 2011 National Energy Technological Advancement Award. This was awarded by the NEA in recognition of the fact that Goldwind has the intellectual property rights for our 2.5MW DDPM WTG, its overall technological standard and major economic indicators reached international standards for similar technologies and products, and that it has great implications for the drive for technological advancement and structural optimisation of the energy industries.

Wind Power Services

Wind Power Services has always been a key element in our comprehensive wind power solutions over the years. It is also a defining characteristic of Goldwind that provides us with a competitive advantage in the industry. Our Wind Power Services continues to improve as the wind power industry develops and grows. Our comprehensive solutions include initial project consultation, construction, information technology support, and operations and technical support, covering every stage of the life cycle of a wind farm project.

As an integral part of Goldwind's strategic plan, Wind Power Services has consistently been a highlight of our business operations. Following several years of exploring and optimisation, our services product portfolio has increased and diversified. Apart from the basic operations and maintenance services, we have introduced several high-end service products to the market. Our long-term customers' list is steadily increasing and so are our orders, building a firm foundation for the future development of our services business. We have also entered the international services market and made substantial progress during the reporting year.

In 2012, Goldwind's Wind Power Services generated revenues of RMB392.13 million, representing an increase of 8.12% YoY. This included items such as software products, EPC (Engineering, Procurement and Construction) projects, wind resource consultation, technical services and WTG maintenance services and support. Wind Power Services will continue to be one of our major business segments in 2013. We will continue to provide efficient, high quality and professional services and support to our customers and wind power enterprises.

Wind Farm Investment, Development and Sales

Wind Farm Investment, Development and Sales represents Goldwind's reserves of projects for our future business development, as well as being a key source of profitability. Our wind farm investment projects are not only limited to the domestic market, we are also proactively cooperating with international energy developers and exploring new partnership models. Equipped with our high quality WTGs and assisted by our outstanding technical team, we have received recognition from the market at home and abroad.

During the reporting year, Goldwind sold all or part of the equity interests of three wind farm subsidiaries (totalling five wind power projects), with a combined attributable installed capacity of approximately 117.50MW. As at the end of the reporting year, our total installed capacity of completed wind farms was 1,239.50MW and the attributable installed capacity was 740.00MW. As at the end of the reporting year, we also had wind farms under construction with a total capacity of 1,115.50MW and an attributable capacity of 1,029.60MW.

During the reporting year, our revenue from power generated by wind farms operated by Goldwind was RMB251.96 million, an increase of 81.48% YoY. Investment gains from the sale of wind farms totalled RMB259.50 million, a decrease of 32.91% YoY.

International Business

As the leading comprehensive wind power solutions provider in China and backed by our solid international R&D platform, extensive experience in the industry, and high quality products, Goldwind is able to focus on the domestic market whilst continue to improve towards international standards. Despite the industry slowdown, we have accelerated our internationalisation strategy. In addition to continued development in mature markets such as the USA and Australia, we are

also strengthening our efforts in emerging markets such as Africa, South America and Asia. We will continue to utilise our diversified profit model to expand our global markets. For the year ended 31 December 2012, Goldwind invested in or supply products to 12 overseas projects totalling 87.25MW. Our accumulated executed overseas orders have already reached nearly 400MW, distributed in 20 countries, across six continents.

The construction of the Gullen Range project in Australia, our largest overseas project, officially began in 2012. This project has a total installed capacity of 165.50MW, including 17 units of 1.5MW and 56 units of 2.5MW DDPM WTGs. This is one of the largest singular wind farm projects in Australia's New South Wales and is also the first large-scale wind farm since 2011 to receive approval from TransGrid for connection to the electricity grid.

In addition, we also began several other projects in 2012, including the Penonome project in Panama, the Miresa project in Romania, and the Georgia Mountain project in the USA.

During the reporting year, Goldwind achieved revenue from international sales of RMB1,298.60 million, representing 11.57% of our revenue from operations.

Major Subsidiaries

The Company has 104 subsidiaries, among which 17 are directly controlled subsidiaries and 87 are indirectly controlled subsidiaries. In addition, we have 9 jointly-controlled entities, 10 associate companies, and 10 joint ventures. These subsidiaries can be separated into four general categories of WTG R&D and manufacturing companies, wind power investment companies, wind power service companies, and component R&D and manufacturing companies. The following table sets out the financial details of the principal subsidiaries of the Company (in accordance with China Accounting Standards for Business Enterprise (the "**PRC GAAP**")), other information are set out in note 18 to the financial statements:

As at 31 December 2012
(Unit: RMB)

No.	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets	Revenue from Operations	Net Profits Attributable to the Company
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,000	4,951,894,104.70	1,301,782,304.38	3,731,006,638.40	(28,319,702.47)
2	Vensys Energy AG	EUR5 million	1,023,642,397.13	634,536,332.08	680,674,637.29	59,258,148.78
3	Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd.	8,860	638,821,937.63	239,868,422.74	418,232,129.81	9,177,157.62
4	Jiangsu Goldwind Wind Power Equipment Manufacture Co., Ltd.	75,961	1,148,223,750.37	837,778,572.55	687,956,573.40	29,896,208.74
5	Beijing Techwin Electric Co., Ltd.	10,000	953,376,894.98	163,233,376.74	1,226,961,290.97	32,891,667.70
6	Beijing Tianrun New Energy Investment Co., Ltd.	48,160	8,074,923,990.06	1,161,022,158.96	195,527,530.98	187,043,355.17
7	Goldwind Investment Holding Co., Ltd.	100,000	1,074,787,717.18	1,040,109,924.63	42,344,022.45	7,749,156.05
8	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.	4,500	1,518,893,981.62	245,220,959.48	1,426,587,444.47	46,095,033.81

Use of Proceeds

1. Use of H Share Proceeds

The Company was listed on the main board of The Stock Exchange of Hong Kong Limited in October 2010. According to the *Capital Verification Report* issued by Ernst & Young Hua Ming, the net H Share proceeds were the equivalent of RMB6.754 billion in Hong Kong Dollars ("**HKD**"). According to the Company's proceeds investment plan, approximately 64.8% of the proceeds shall be used in the domestic market, and approximately 35.2% shall be used in the international market. As at 31 December 2012, the accumulated used proceeds were the equivalent of RMB5.648 billion in HKD, and the unused proceeds were the equivalent of RMB1.106 billion in HKD. The use of the Company's H Share proceeds is as follows:

As at 31 December 2012
(Unit: RMB million)

Proceed Projects	Planned Investment	Actual Investment	Unused Amount
Construction of production base and optimisation of business operations	2,715	2,434	281
R&D of WTGs and components	986	238	748
International business	1,972	1,895	77
Bank loan repayment	411	411	–
General working capital	670	670	–
Total	6,754	5,648	1,106

2. Use of A Share Proceeds

The Company was listed on the Small and Medium-sized Enterprise Board of the Shenzhen Stock Exchange in December 2007. According to the *Capital Verification Report* issued by WUZHOU SONGDE Accountants Firm on 19 December 2007, the actual net proceeds were RMB1.745 billion. As at 31 December 2012, the accumulated used proceeds were RMB1.687 billion, and the unused proceeds were RMB57.79 million. The use of the Company's A Share proceeds is as follows:

As at 31 December 2012
(Unit: RMB million)

Proceed Projects	Planned Investment	Actual Investment	Unused Amount
Capacity Expansion			
Beijing MW-level WTG high technology industrialisation project	150	150	–
Xinjiang MW-level WTG capacity expansion project	461	461	–
Inner Mongolia MW-level DDPM WTG industrialisation project	127	127	–
Nanjing MW-level WTG industrialisation project	25.45	25.45	–
Jiangsu Dafeng Offshore WTG R&D and manufacturing base	89.61	31.82	57.79
R&D Projects			
1.5MW WTG series	128	128	–
2.5MW DDPM WTG	160	160	–
3MW hybrid PM WTG	232	232	–
6MW DDPM WTG	50	50	–
Testing laboratory	40	40	–
Wind Farm Development and Sales			
Capital increase to FUHUI wind power for WULATE project	81.60	81.60	–
Tacheng Mayitasi 49.5MW Trial Demonstration Wind Farm	100	100	–
Goldwind Damao National Demonstration Wind Farm	100	100	–
Total	1,744.66	1,686.87	57.79

3. Use of Corporate Bond Proceeds

On 6 September 2011, the Company received the *Approval for Public Issuance of Corporate Bonds by Xinjiang Goldwind Science & Technology Co., Ltd. (Zheng Jian Xu Ke [2011] No.1397)*（關於核准新疆金風科技股份有限公司公開發行公司債券的批復（證監許可[2011]1397號））from the China Securities Regulatory Commission, approving an issue of corporate bonds with an aggregate principal amount of not more than RMB5 billion (“**Corporate Bonds**”) and the first tranche of not exceeding RMB4 billion. On 27 February 2012, the Company issued its first tranche of 3-year Corporate Bonds (“**12金風01**”) with an aggregate principal amount of RMB3 billion and with a coupon rate of 6.63%. The issuance was an offline offering to institutional investors in the PRC only. The Corporate Bonds were listed on the Shenzhen Stock Exchange on 16 March 2012.

As at 31 December 2012
(Unit: RMB)

Year of Issuance	Method of Issuance	Total Proceeds	Purposes for Use of Proceeds	Total Proceeds Used During the Reporting Year	Accumulated Total of Used Proceeds	Total Unused Proceeds
2012	Corporate Bonds	2,974,720,888.88	Working capital	2,174,720,888.88	2,174,720,888.88	–
			Repayment of bank loans	800,000,000	800,000,000	–
Total				2,974,720,888.88	2,974,720,888.88	–

Human Resource Management

As at 31 December 2012, the Group had a total of 3,558 employees, categorised as follows:

Item	Category	Number of Staff	Percentage of Total
Profession	Technical	820	23.05%
	Production	754	21.19%
	Sales	201	5.65%
	Services	1,013	28.47%
	Management	643	18.07%
	Finance	127	3.57%
	Total	3,558	100%
Education	Master and above	418	11.75%
	Bachelor	1,660	46.66%
	College	962	27.04%
	Below College	518	14.56%
	Total	3,558	100%

Goldwind provides management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge. We sign individual employment contracts with our employees, covering, among other items, salaries, benefits, training, workplace health and safety, confidentiality obligations relating to trade secrets, and grounds for termination. Remuneration packages offered to our employees are consistent with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be rewarded to employees taking into consideration the Group's performance and performance of individual employees. Goldwind provides pension to our employees as a certain percentage of their applicable salary in accordance with relevant laws and regulations of the PRC and abroad, as well as other benefits such as medical insurance and rent discounts.

OPERATIONS PERFORMANCE AND ANALYSIS

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

Summary

For the financial year ended 31 December 2012, revenue from operations for the Group was RMB11,224.93 million, representing a decrease of 12.00% compared to RMB12,755.97 million for the financial year ended 31 December 2011. Net profit attributable to the shareholders of the Company was RMB153.05 million, representing a decrease of 74.77% compared to RMB606.71 million for the financial year ended 31 December 2011. Basic earnings per share of the Group were RMB0.06.

Revenue

Revenue for the Group is generated from three business segments: (1) WTG R&D, Manufacturing and Sales; (2) Wind Power Services; and (3) Wind Farm Investment, Development and Sales. Revenue from WTG R&D, Manufacturing and Sales is mainly generated through sales of WTGs and components. Revenue from Wind Power Services is mainly generated through services such as wind farm EPC, transportation, and maintenance. Revenue from Wind Farm Investment, Development and Sales is generated from the sale of power produced by our operating wind farms.

For the financial year ended 31 December 2012, the Group's revenue from operations was RMB11,224.93 million, representing a decrease of 12.00% compared to RMB12,755.97 million for the corresponding period of the preceding year. Details are set out below.

Unit: RMB thousand

	Year ended 31 December 2012	2011	Amount Change	Percentage Change
Sales of WTGs and components	**10,580,843**	12,254,476	(1,673,633)	(13.66%)
Wind power services	**392,126**	362,661	29,465	8.12%
Wind farm development	**251,957**	138,833	113,124	81.48%
Total	**11,224,926**	12,755,970	(1,531,044)	(12.00%)

The decrease in revenue is mainly due to the decrease in sales of WTGs and components. The decrease of revenue generated by our sales of WTGs and components is mainly due to a decrease in sales volume for the Group's 1.5MW WTGs compared to the preceding year resulted from fierce competition in the market and changes in national industry policies.

Cost of Sales

The Group's cost of sales consists primarily of raw materials and components, labour, depreciation and amortisation, other production costs and inventory changes, as well as transferred fixed assets. The cost of raw materials and components mainly include blades, generators, structural parts, and electric control systems. Labour costs primarily consist of salaries and wages for employees directly involved in production and wind power services. Depreciation and amortisation expenses are calculated for the usage of fixed assets and intangible assets, respectively, during operations of the Group. Inventory changes represent the changes in unfinished and finished goods, and transferred fixed assets represent the use of our WTGs as fixed assets in wind farms developed by our Group.

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

Unit: RMB thousand

	Year ended 31 December 2012	2011	Amount Change	Percentage Change
Raw materials and components	**8,361,234**	10,759,132	(2,397,898)	(22.29%)
Labour	**118,189**	120,527	(2,338)	(1.94%)
Depreciation and amortisation	**160,911**	120,561	40,350	33.47%
Other production costs	**488,963**	544,488	(55,525)	(10.20%)
Changes in inventories and transferred fixed assets	**503,303**	(845,530)	1,348,833	159.53%
Total	**9,632,600**	10,699,178	(1,066,578)	(9.97%)

The following table provides a breakdown of our cost of sales by business segments:

Unit: RMB thousand

	Year ended 31 December 2012	2011	Amount Change	Percentage Change
Sales of WTGs and components	**9,196,400**	10,370,493	(1,174,093)	(11.32%)
Wind power services	**314,959**	274,293	40,666	14.83%
Wind farm development	**121,241**	54,392	66,849	122.90%
Total	**9,632,600**	10,699,178	(1,066,578)	(9.97%)

Cost of sales decreased mainly due to the decrease in the Group's total sales volume and the reduction in cost per unit of WTG manufacturing.

Gross Profit

Unit: RMB thousand

	Year ended 31 December 2012	2011	Amount Change	Percentage Change
Sales of WTGs and components	**1,384,443**	1,883,983	(499,540)	(26.52%)
Wind power services	**77,167**	88,368	(11,201)	(12.68%)
Wind farm development	**130,716**	84,441	46,275	(54.80%)
Total	**1,592,326**	2,056,792	(464,466)	(22.58%)

The Group's gross profit is derived primarily from WTG R&D, Manufacturing and Sales. For the two years ended 31 December 2011 and 2012, our overall gross profit margins were 16.12% and 14.19%, respectively, and the gross profit margins for WTG R&D, Manufacturing and Sales were 15.37% and 13.08%, respectively. The following table sets out the gross margins for our WTGs including the 1.5MW and 2.5MW models (prepared in accordance with PRC GAAP):

Gross Profit Margin

	Year ended 31 December 2012	2011	Change (percentage points)
750kW	–	32.93%	–
1.5MW Series	**13.92%**	14.60%	(0.68)
2.5MW	**12.60%**	2.95%	9.65
3MW	–	(15.28%)	–

As compared with the previous year, the 1.5MW unit remains as the main product among our WTG sales, representing 82.87% of revenue for sales of whole WTGs. In addition, our sales of 2.5MW WTGs increased significantly compared with the previous year.

During the reporting year, the gross profit margin for our 1.5MW WTGs modestly decreased YoY, mainly due to fiercer market competition and modestly lower average selling price of WTGs. The gross profit margin for our 2.5MW WTGs increased by 9.65 percentage points YoY, mainly due to increased sales volume and lower cost of goods sold attributed to technological optimisation.

Other Income and Gains

The Group's other income and gains primarily consist of gains from the sale of wind farms from Wind Farm Investment, Development and Sales (including gains realised from the sale of wind power equipment installed in these wind farms), interest income, insurance compensation for product warranty expenditures, total rental income, and government subsidies received for our R&D projects and upgrades of our production facilities.

For the financial year ended 31 December 2012, the Group's total other income and gains was RMB585.55 million, representing a 23.97% decrease compared to RMB770.15 million for the financial year ended 31 December 2011. The decrease is mainly due to lower income related government subsidies and investment income from disposal of subsidiaries during the reporting year.

Selling and Distribution Costs

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

Selling and distribution costs of the Group for the financial year ended 31 December 2012 amounted to RMB876.46 million, representing a 11.50% decrease compared to RMB990.32 million for the corresponding period of the preceding year. The decrease is mainly attributed to a decrease in the provisions for warranty expenses and bidding service fees due to a decrease in sales of the Group.

Administrative Expenses

Administrative expenses primarily consist of R&D expenses, labour costs, taxes, depreciation, consultation fees, travel expenses, and other expenses. Administrative expenses of the Group decreased from RMB738.69 million for the financial year ended 31 December 2011 to RMB712.74 million for the financial year ended 31 December 2012. The decrease is mainly due to stricter cost controls on all expenses.

Other Expenses

Other expenses mainly consist of banking administration fees, foreign exchange losses, and the impairment provisions accrued in connection with our trade and bills receivables. Other expenses of the Group for the financial year ended 31 December 2012 was RMB109.93 million, representing an increase of 39.52% compared to RMB78.79 million for the corresponding period of the preceding year. Increased expenses are mainly due to provisions made by the Group for the impairment of our 750kW WTGs.

Finance Costs

Finance costs of the Group for the financial year ended 31 December 2012 was RMB392.13 million, an increase of 52.02% from RMB257.95 million for the financial year ended 31 December 2011. The increase is mainly due to an increase in the Group's average borrowings during the year.

Income Tax Expenses

For the financial year ended 31 December 2012, the Group incurred income tax expenses of RMB41.39 million, a decrease of 71.74% compared to RMB146.45 million for the financial year ended 31 December 2011. The decrease is primarily attributed to the decrease of the Group's profit before tax.

Financial Position

As at 31 December 2012 and 31 December 2011, total assets of the Group was RMB32,396.50 million and RMB32,430.19 million, respectively. Current assets of the Group as at 31 December 2012 totalled RMB23,573.34 million, while current assets as at 31 December 2011 totalled RMB25,366.78 million. The percentage of current assets to total assets of the Group as at 31 December 2012 was 72.77% (31 December 2011 was 78.22%). Non-current assets of the Group as at 31 December 2012 and 31 December 2011 were RMB8,823.15 million and RMB7,063.41 million, respectively.

Total liabilities of the Group as at 31 December 2012 and 31 December 2011 was RMB19,110.87 million and RMB19,161.68 million, respectively. As at 31 December 2012 and 31 December 2011, current liabilities of the Group totalled RMB12,266.40 million and RMB15,712.90 million, respectively. Non-current liabilities of the Group as at 31 December 2012 and 31 December 2011 were RMB6,844.47 million and RMB3,448.78 million, respectively.

Net current assets and net assets of the Group as at 31 December 2012 was RMB11,306.94 million and RMB13,285.63 million, respectively, compared to RMB9,653.88 million and RMB13,268.51 million, respectively, as at 31 December 2011.

Cash and cash equivalents of the Group as at 31 December 2012 and 31 December 2011 were RMB6,817.93 million and RMB7,596.92 million, respectively. As of 31 December 2012 and 31 December 2011, interest-bearing bank loans and other loans of the Group amounted to RMB6,105.12 million and RMB8,042.23 million, respectively.

Financial Resources and Liquidity

Cash Flow Statement

Unit: RMB thousand

	Year ended 31 December	
	2012	2011
Net cash flows (used in)/from operating activities	**2,499,938**	(4,133,442)
Net cash flows used in investment activities	**(2,303,893)**	(3,356,277)
Net cash flows (used in)/from financing activities	**(1,163,215)**	5,904,796
Net decrease in cash and cash equivalents	**(967,170)**	(1,584,923)
Cash and cash equivalents at beginning of year	**7,554,630**	9,242,400
Net effect of foreign exchange rate changes	**16,868**	(102,847)
Cash and cash equivalents at end of year	**6,604,328**	7,554,630

1. *Cash flows (used in)/from operating activities*

Net cash flows of the Group from operating activities primarily consist of profit before tax adjusted for non-cash items, movements in working capital, and other income and gains.

For the financial year ended 31 December 2012, the Group reported net cash flows from operating activities of RMB2,499.94 million, principally comprised of profit before tax of RMB206.86 million, adjusted for a RMB392.13 million increase in finance costs, a RMB1,061.15 million decrease in inventories (as a result of stricter inventories management during the year, digesting significant levels of our inventories, and disposal of subsidiaries) and a RMB917.26 million increase in trade and bills receivable (due to the Group paying expenses through bills receivable more in order to increase cash flow). These cash inflows were offset by a RMB244.08 million decrease in revenue of disposal and derecognition of subsidiaries.

For the financial year ended 31 December 2011, the Group reported net cash flows for operating activities of RMB4,133.44 million, principally comprised of profit before tax of RMB864.43 million, adjusted for a RMB16.56 million impairment of trade and other receivables and a RMB257.95 million increase in financial costs. These cash inflows were offset by a RMB780.09 million increase in inventories as a result of the increases in our raw materials and semi-finished goods in order to prevent increases in the price of components and to meet orders of delivery, a RMB2,816.03 million increase in trade and bills receivables as a result of increased sales on which payment had not yet become due under sales contracts, and a RMB792.13 million decrease in other payables and accruals as a result of covering for future deductions for increases in the input tax of value-added tax and payment of acquisition of interests in certain subsidiaries during the preceding year.

2. *Cash flows used in investment activities*

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

For the financial year ended 31 December 2012, the Group's net cash flows for investment activities was RMB2,303.89 million, principally due to purchases of property, plant and equipment and investment in wind farms in the amount of RMB2,585.79 million, and purchases of available-for-sale investments in the amount of RMB275.40 million, offset partly by a RMB446.66 million inflow from the disposal of subsidiaries (net of cash disposed of).

For the financial year ended 31 December 2011, the Group's net cash flows for investment activities was RMB3,356.28 million, principally due to purchases of property, plant and equipment in the amount of RMB3,006.15 million, RMB205.70 million for other intangible assets, and RMB325.37 million for acquisition of subsidiaries, offset partly by a RMB318.27 million decrease in pledged deposits and a RMB199.24 million inflow from the disposal of subsidiaries (net of cash disposed of).

3. *Cash flows (used in)/from financing activities*

The Group's cash flows for financing activities were primarily used for repayment of our bank and other borrowings and dividend payments to our shareholders. The Group's cash flows from financing activities were generally derived from new bank loans.

For the financial year ended 31 December 2012, the Group reported net cash flows for financing activities of RMB1,163.22 million, principally contributed by new bank loans and issuance of corporate bonds in the amount of RMB5,614.25 million, offset by RMB6,360.71 million used to repay bank loans, RMB311.18 million in interest payments, and RMB134.73 million in dividends paid to shareholders of the Company.

For the financial year ended 31 December 2011, the Group reported net cash flows from financing activities of RMB5,904.80 million, principally contributed by new bank loans in the amount of RMB11,882.92 million, offset by RMB4,949.54 million used to repay bank loans, RMB916.16 million in dividends paid to shareholders of the Company, and RMB251.76 million in interest payments.

Capital Expenditures

Capital expenditures of the Group for the financial year ended 31 December 2012 was RMB3,260.45 million, a decrease of 1.99% compared to RMB3,326.58 million for the financial year ended 31 December 2011. Our primary sources of capital included bank loans, issuance of corporate bonds, and cash flows from operations of the Group.

OUTLOOK FOR 2013

Industry Outlook

1. **Industry Overview**

According to the *Global Wind Energy Outlook 2012* jointly issued by Greenpeace, a global environmental protection organisation, and Global Wind Energy Council, wind power could supply up to 12% of global electricity by 2020, create 14 million new jobs, and reduce CO_2 emissions by 15 billion tons per year. By 2030, wind power could provide more than 20% of global electricity demand.

The white paper on *China's Energy Policy 2012* issued by the State Council Information Office of the PRC in October 2012 states that China is determined to develop new and renewable energy, and is targeting to increase the proportion of non-fossil energy in primary energy consumption and installed generating capacity to 11.4% and 30%, respectively, by the end of the Twelfth Five-Year Plan, further demonstrating the strategic importance of renewable energy. China is now shifting its energy mix from fossil fuels based to a more diversified portfolio, and non-fossil fuels will eventually represent a majority stake. Wind power will play an important role throughout this process. Wind power is a steady and important strategy for China's energy development and will become a green pillar for China's energy industry.

2. Competitive Environment

China's wind power industry entered a period of adjustment in 2011 after almost ten years of rapid development and competition intensified. In addition, quality and safety problems caused by the improper management of some companies during rapid development have become apparent, and their integrity has suffered. Every company within the wind power industry suffered major decreases in profits, with some of them unable to continue operations. Wind power manufacturers are now facing a more challenging market. However, competition is the motivation for every industry's growth. It will facilitate more rapid resource consolidation, eliminate weaker competitors, and stimulate the industry towards maturity. As wind power is a new energy industry, it is affected by industry policies to a large extent. With the growth of wind power industry currently experiencing a lack of confidence, the introduction of the *Wind Power Development under the Twelfth Five-Year Plan* (風電發展「十二五」規劃) was a much needed boost of confidence for the wind power industry. This demonstrates the government's determination to increase the pace of wind power development, and that the wind power industry may be gradually recovering from the slowdown, with an improved method of growth, a shift from scale to efficiency, from pace to quality, and from installed to generating capacity. The wind power industry will enter a new phase of sustainable, healthy and orderly development.

Corporate Strategy

Goldwind strives to be a global leader in discovering and creating value for the development and utilisation of clean energy. Faced with the opportunities and challenges of the wind power industry's development path and competitive environment, we will continue to maintain our business concepts of technological, business, and management innovation. We will continue to strengthen our advantages in WTG R&D, manufacturing, sales, and services, whilst also accelerating our reach into sectors along the wind power value chain with more development value and potential, providing comprehensive wind power solutions to our customers that include WTGs, wind power services, and wind farm development. We will also continue to strengthen our global reach, further implement our strategy through the internationalisation of technology, markets, talents, and capital, and aim to become a global leader in our industry. Building upon our strong foundation in our primary wind power businesses, we will continue to explore the potential to combine wind power with other forms of renewable energy, actively pursue the development of wind and solar power generation, smart micro-grids, environmentally friendly and energy saving solutions, and other technical and operational areas. Backed by our current resources and competitive advantages, we will seek to nurture our new business models including power electronics and comprehensive power, guide the future development of wind and solar power, and stimulate the sustainable development of Goldwind.

Operations Plan and Major Targets

1. Diversify our Product Portfolio

Every company is dependent on its products for survival. Developing products that satisfy market demand has always been the focus for us. In 2013, we seek to increase the competitiveness and economic value of our 2.5MW models, as well as continue to sustain the competitive advantages of our 1.5MW models. We will also increase the development of our 6MW WTG, preparing large capacity WTGs for the future.

2. **Strengthen our Customer Base**

   We will seek to solidify our current customer base as well as further diversify our customer channels, to strengthen our relationship with major customers in our target markets, to explore further potential for growth by introducing our brand and products to the market through innovative partnerships and other strategies, strive to discover potential in domestic markets, and push forward our internationalisation strategy.

3. **Innovative Sales Models**

   We will continue to pursue our diversified profit model and maintain our principle of maximising value for our customers. We will seek further innovative sales channels in 2013, satisfy our customers' different needs through multiple and comprehensive solutions, and utilise different methods to stimulate our WTG sales.

4. **Strengthen our Businesses' Core Capabilities**

   Building on the foundation of our businesses, we seek to improve the core capabilities of our business segments in 2013. We will seek to set our standards high, compete with the best, and strengthen our core competitive advantages.

5. **Strengthen our Financial Management**

   Faced with the volatile development trend of the wind power industry and fierce competition, we need to strengthen the accounting and finance management related to our businesses, strengthen cost accounting, set more accurate and effective targets, establish effective motivation systems, and implement our management initiatives.

Capital Requirements and Planned Capital Expenditures

According to our 2013 annual operations plan, our operating capital will mainly come from retained capital and bank loans. Given our strong credit rating, excellent reputation, and diversified sources of financing, we have ample access to capital.

Potential Risk Factors

1. **Lower Market Demand**

   China's wind power industry entered a period of stability after the rapid development of the Eleventh Five-Year Plan. In 2011 and 2012, newly installed wind power capacity in China experienced a year-over-year decrease for two consecutive years. The decline in market demand and slowdown in the industry had a certain level of impact on Goldwind.

2. **Market Competition**

   Although the average selling price of WTGs seems to have stabilised, many WTG manufacturers are already operating at a loss, and fierce competition is still evident. In addition to competition on prices, manufacturers have shifted their focus to product quality and the R&D of new products. Many have increased investment in the R&D of new large capacity WTGs in preparation for competition in the future and for the offshore market. As the world's largest wind power market, competition in China's wind power industry will continue to intensify and may affect the manufacturing business of Goldwind as well as preventing us from expanding our market share.

3. Grid Connection and Consumption

After five to six years of rapid development, some of the problems that developed in China's wind power industry began to surface, especially the grid connection bottleneck. According to *China Wind Power Outlook 2012* （中國風電發展報告2012）, in 2011, more than 12% of wind power, or the equivalent of 3.3 million tonnes of coal, was curtailed from connection to the grid. The wind power industry has lost over RMB5 billion as a result of curtailment. If the problems of inadequate grid capacity and low capacity utilisation cannot be alleviated in the short-term, every section of the industry value chain will be significantly affected.

CORE COMPETITIVE ADVANTAGES

Leading Market Position

Goldwind is the oldest WTG manufacturer in China. After more than ten years of development, we have gradually matured into a leading WTG manufacturer in China and a leading global comprehensive wind power solutions provider. Our 1.5MW and 2.5MW DDPM WTG models, for which we own the intellectual property rights, represent the most promising technology in the global wind power industry. Goldwind ranks first in China's wind power equipment manufacturing industry and is also the largest DDPM WTG manufacturer in the world. We have sustained our industry leading position for many years.

Advanced Products and Technology

Goldwind's DDPM WTGs are known for their superior performance, including high power generation efficiency, low maintenance and operating costs, are grid-friendly and have a high availability rate. Our products have been widely welcomed and recognised by our customers, and have been a guiding force for the development of global wind power technology. We have two major R&D centres in Germany and Beijing and nearly a thousand seasoned R&D personnel with extensive industry experience, contributing to the optimisation and innovation of our products and technology. We have developed a diversified product portfolio, including specialised WTGs for different geological and climatic conditions to satisfy the diversified needs of our customers. Currently, our product portfolio includes our matured and mainstream 1.5MW WTG series, 2.5MW WTG series and 3MW WTG. We have also prepared our 6MW DDPM WTG for our future offshore market. The marketing and development of these products have secured our market coverage. We currently have a large backlog of orders, demonstrating Goldwind's ability to ensure and increase our foreseeable revenue from operations, and that the superior quality of our products is widely recognised by the market.

Excellent Brand Name and Reputation

Backed by our products' advanced technology, superior quality, highly efficient power generation, and excellent after-sales services, Goldwind has established an excellent brand name and gained a certain level of influence in the industry following several years of industry slowdown. We have been highly recognised by the government, our customers, business partners, and investors.

Comprehensive Wind Power Solutions Provider

Backed by our advanced technology, products, and our extensive experience in wind farm development, construction, operation and maintenance, we have always maintained our drive to become, and have successively become, a leading comprehensive wind power solutions provider. In addition to our sales of WTGs, we will continue to expand our alternative profit models that include wind farm development and sales, and wind power services. After several years of operation, our businesses have proved to be successful and became important complimentary profit channels for us. We have successfully faced the challenges of the market and improved our comprehensive and diversified competitive advantages.

Successful Internationalisation

As the first domestic wind power enterprise to enter the international markets, Goldwind has continued the pursuit of our internationalisation strategy over the years. Maintaining our principle of "internationalisation through localisation", we achieved several breakthroughs in our key target markets that include the Americas, Australia and Europe, and we have also proactively explored emerging markets that include Africa and Asia, achieving very encouraging results. So far, our projects are distributed in 20 countries, across six continents. Our superior WTGs have been welcomed and recognised by our domestic and overseas customers, and have laid a solid foundation for our future business development.

The Board of Directors' Report

The board of directors (the "**Board**") hereby presents to our shareholders its report and the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (the "**financial statements**") for the year ended 31 December 2012.

PRIMARY BUSINESSES

The primary business segments of the Group include: (1) Wind Turbine Generator ("**WTG**") Research and Development ("**R&D**"), Manufacturing and Sales; (2) Wind Power Services; and (3) Wind Farm Investment, Development and Sales. The WTG R&D, Manufacturing and Sales is our core business. Goldwind is one of the largest WTG manufacturers in the world and can also provide comprehensive wind power solutions to our customers. Our newly installed wind power capacity in 2012 ranked first in China.

RESULTS AND PROFIT DISTRIBUTION

The annual results of the Group for the financial year ended 31 December 2012 are set out in the financial statements. The Board recommends the payment of a final dividend of RMB0.055 per share (including tax) from our retained distributable profit for the financial year ended 31 December 2012. This recommendation is subject to approval in the forthcoming Annual General Meeting ("**AGM**") for the year of 2012 in accordance with the provisions of the *Articles of Association* (the "**Articles**") of the Company, and will be implemented following approval.

FINANCIAL HIGHLIGHTS FOR THE PAST FIVE FINANCIAL YEARS

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

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2012, the total amount of outstanding bank loans of the Group was RMB3,125.66 million, including bank loans repayable within one year of RMB389.21 million, in the second year of RMB177.22 million, in the third to fifth year of RMB825.62 million, and above five years of RMB1,733.61 million. Details of the relevant loans are set out in note 32 to the financial statements.

CAPITALISATION OF INTEREST

As at 31 December 2012, the total amount of interest expenditures capitalised to projects under construction and property, plant and equipment of the Group in accordance with IFRSs was RMB80.68 million.

PROPERTY, PLANT AND EQUIPMENT

Details of adjustments made to property, plant and equipment of the Group during the financial year ended 31 December 2012 are set out in note 13 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2012, approximately 22.29% of the Group's total procurement expenditure was attributed to our five largest suppliers. During the same period, revenue attributed to our five largest customers amounted to 22.49% of the Group's total revenue. None of our directors, their associates, or any shareholders (as far as is known to the directors of the Company) that own more than 5% of our issued shares, held any interest in our five largest customers and suppliers.

During the reporting year, revenue from any single customer did not exceed 30% of the Group's revenue from operations, and procurement from any single supplier did not exceed 30% of the Group's total procurement amount.

RESERVES

Details of the Group and the Company's changes in reserves are set out in note 36 to the financial statements.

As at 31 December 2012, reserves of the Company distributable to shareholders amounted to RMB582.62 million. This is the lower figure calculated in accordance with the PRC GAAP and IFRSs.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, cash and cash equivalents of the Group were approximately RMB6,817.93 (2011: RMB7,596.92 million). The primary sources of the Group's capital are cash inflows from operations, borrowings from banks and other financial institutions, and project financing.

GEARING RATIO

As at 31 December 2012, the gearing ratio, net debt divided by total capital, of the Group was 41.73% (2011: 42.29%). Details of the gearing ratio are set out in note 45(e) to the financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group primarily operates its businesses in China. Over 85% of the Group's revenue, expenditure, and financial assets and liabilities are denominated in RMB. The exchange rate of the RMB against foreign currencies does not have a significant impact on the Group's businesses. During the year ended 31 December 2012, the Group entered into certain currency forward agreements with the Bank of China to mitigate currency risks. The Group's foreign exchange exposure associated with such transactions (except for the functional currency of the relevant operating entities) maintained at a relatively low level. The currency translation difference incurred by the Company in respect of the long-term equity investment by our subsidiaries incorporated outside China was recorded under the translation reserve.

CONTINGENT LIABILITIES

The contingent liabilities of the Group mainly included issued letters of credit, letters of guarantee, and guarantees provided to third parties. As at 31 December 2012, contingent liabilities of the Group were RMB6,390.94 million (2011: RMB7,354.42 million). Details are set out in note 39 to the financial statements.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group acquired and disposed subsidiaries and associates in accordance with our development strategies based on changes of the industry and market environments. Details of the acquisitions and disposals of subsidiaries and associates in 2012 are set out in note 37 and 38 to the financial statements.

SHARE CAPITAL

As at 31 December 2012, the particulars of the issued share capital of the Company are set out as follows:

Share Category	Number of Shares	As a Percentage of Total Shares
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 at 31 December 2012, as far as known to the directors and supervisors of the Company, the following persons had an interest or short position in the shares of the Company that must be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the *Securities and Futures Ordinance* ("**SFO**"):

H Shares:

Name of Shareholder	Share Category	Number of Shares	As a Percentage of H Shares	As a Percentage of Total Shares
Citigroup Global Markets Hong Kong Holdings Limited	H Shares	59,294,000 (L)	11.86%	2.20%
		59,979,000 (S)	11.99%	2.23%
NSSF	H Shares	45,458,800 (L)	9.09%	1.69%
International Finance Corporation	H Shares	32,044,600 (L)	6.41%	1.19%
Liu Yang	H Shares	25,400,000 (L)	5.08%	0.94%

A Shares:

Name of Shareholder	Share Category	Number of Shares	As a Percentage of A Shares	As a Percentage 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	677,516,947	30.87%	25.14%
China Three Gorges Corporation	A Shares	677,516,947	30.87%	25.14%

Notes:

1. China Three Gorges New Energy Corporation ("**China Three Gorges New Energy**", a wholly-owned subsidiary of China Three Gorges Corporation) directly holds 301,596,561 A Shares. China Three Gorges New Energy and China Three Gorges Corporation hold 43.3% 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 301,596,561 A Shares directly held by China Three Gorges New Energy are deemed to be the interests of China Three Gorges Corporation in our Company.

Other than as disclosed above, as at 31 December 2012, as far as is known to the directors and supervisors of the Company, no other persons (excluding directors and supervisors) had an interest or short position in the shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INFORMATION ON SHAREHOLDERS

As at 31 December 2012, the total number of shareholders of the Company was 278,143, among which the number of A Share and H Share shareholders were 276,155 and 1,988, respectively.

PRE-EMPTIVE RIGHTS

No regulations of pre-emptive rights exist in the Articles of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the financial year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

According to the information publicly available to the Company, and to the best knowledge of the directors, the Company had maintained sufficient public float as required under the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the "**Listing Rules**") as at the latest practicable date prior to the issue of this report, that is 22 March 2013 (the "**LPD**").

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company in office during the year of 2012 and/or up to the LPD are:

Name	Title	Gender	Term Starting Date (Term Ending Date)
Wu Gang	Executive Director, Chairman	M	25 March 2010
Li Ying	Non-executive Director, Vice Chairman	M	25 March 2010
Wang Haibo	Executive Director	M	21 June 2012
Guo Jian	Executive Director	M	25 March 2010 (23 March 2012)
Hu Yang	Non-executive Director	F	28 September 2011
Ji Dongmei	Non-executive Director	F	21 June 2012
Lv Houjun	Non-executive Director	M	25 March 2010 (24 April 2012)
Gao Zhong	Non-executive Director	M	25 March 2010 (26 October 2012)
Yu Shengjun	Non-executive Director	M	9 January 2013
Wang Yousan	Independent Non-executive Director	M	25 March 2010
Shi Pengfei	Independent Non-executive Director	M	25 March 2010
Tin Yau Kelvin Wong	Independent Non-executive Director	M	25 June 2011
Wang Mengqiu	Chairman of Supervisory Committee	M	25 March 2010
Wang Shiwei	Supervisor	M	25 March 2010
Luo Jun	Supervisor	M	25 March 2010
Xiao Zhiping	Supervisor (Employee Representative)	M	25 March 2010
Zhang Xiaotao	Supervisor (Employee Representative)	F	9 August 2012
Zheng Chengjiang	Supervisor (Employee Representative)	M	25 March 2010 (9 August 2012)

Other than as disclosed above, there were no changes to the Company's directors and supervisors during the year of 2012 and/or up to the LPD.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

PERSONAL PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The profiles of the directors, supervisors and senior management as at 31 December 2012 are set out on page 66 of this annual report.

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

As at 31 December 2012, the directors', supervisors' and chief executive's interests and short positions in shares of the Company and its associated corporations are as follows:

Name of Directors/ Supervisors	Type of Equity Interests	Number of Shares	As a Percentage of A Shares	As a Percentage of Total Shares
Wu Gang	beneficial owner	40,167,040 (A)	1.83%	1.49%
Zhang Xiaotao	interest of spouse	18,850,400 (A)	0.86%	0.70%

Note:

1. As at 31 December 2012, by virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Zhang is deemed to be interested in a total of 18,850,400 A shares of the Company which is held by her spouse, Mr. Wang Xiangming, a member of the senior management of the Company.

Other than as disclosed above, as at 31 December 2012, none of the directors, supervisors or the chief executive had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than as disclosed in the paragraph headed "Interests and Short Positions in Shares of the Company and its Associated Corporations by Directors and Supervisors" in this report, at no time, during the financial year ended 31 December 2012, or the period following 31 December 2012 and up to the LPD, was the Company, or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company, a party to any arrangement to enable the directors or supervisors of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body, and none of the directors and supervisors, or their spouses and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has a service contract with the Company. If a director or supervisor is dismissed from the position of director or supervisor by the shareholders' general meeting of the Company, or the circumstances of the director or supervisor are not in accordance with the relevant regulations of the *Company Law of the PRC* or the Articles of the Company, the contract will be terminated automatically.

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

DIRECTORS' AND SUPERVISORS' REMUNERATION

The directors and supervisors who were members of our senior management or employees received salaries from the Company in the year 2012. The amount of executive directors' and supervisors' remuneration is determined on the basis of the relevant executive director or supervisor's official position, experience, responsibility, and workload. The directors and supervisors who were not members of our senior management, employees, or independent non-executive directors did not receive payment from the Company during the year. Director allowances were paid to the independent non-executive directors except for Mr. Wang Yousan.

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

TOP FIVE HIGHEST PAID INDIVIDUALS

For the year ended 31 December 2012, information regarding the five highest paid individuals, including the chief executive, of the Group is set out in note 8 to the financial statements.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

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

The Group had several non-exempt continuing connected transactions during the financial year 2012, for which we were granted a waiver from the Hong Kong Stock Exchange from strict compliance with the requirements of announcement and independent shareholders' approvals. The following table sets out a summary of the parties, nature, annual caps, and actual amounts of such non-exempt continuing connected transactions:

Connected Transactions	Connected Persons	Annual Cap for 2012 (RMB million)	Actual Amount for 2012 (RMB million)
Purchase of Components by the Group	China Three Gorges Corporation	1,001	121
Product Sales of the Group	China Three Gorges Corporation	2,300	506

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

Purchase of Components

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

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

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

Product Sales

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

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

The independent non-executive directors have reviewed the Group's continuing connected transactions mentioned above, and confirmed that the transactions:

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

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

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

The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions have allowed them sufficient access to their records for the purpose of reporting on the transactions as set out in this report, and the aforementioned continuing connected transactions carried out during the financial year ended 31 December 2012:

1. have been approved by the Board of the Company;

2. are in accordance with the requirements of pricing policies of the Company;

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

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

On 9 November 2012, the Company, Xinjiang Wind Power and China Three Gorges New Energy entered into new framework agreements in connection with (1) purchase of components for manufacturing WTGs from, (2) sale of WTGs, and (3) provision of wind power services to Xinjiang Wind Power and China Three Gorges New Energy and their respective associates (collectively, the "**Connected Persons Group**") for a term of three years commencing on 1 January 2013. The independent shareholders of the Company approved, at the extraordinary general meeting of the Company convened on 8 January 2013, the continuing connected transactions between the Group and the members of the Connected Persons Group and the relevant annual caps for the three years commencing from 1 January 2013 and ending on 31 December 2015.

	Proposed Annual Cap for 2013 (RMB million)	Proposed Annual Cap for 2014 (RMB million)	Proposed Annual Cap for 2015 (RMB million)
Purchase of Components	303.9	405.2	506.3
Product Sales	2,028.5	3,153.0	5,166.6
Wind Power Services	513.7	181.7	179.9

Each of Xinjiang Wind Power and China Three Gorges New Energy is a connected person of the Company by virtue of being a substantial shareholder of the Company. Xinjiang Wind Power also is an associate of China Three Gorges New Energy as China Three Gorges New Energy holds more than 30% of its issued share capital. Accordingly, Xinjiang Wind Power, China Three Gorges New Energy and each of their respective associates compose the Connected Persons Group.

Non-exempt connected transactions under rule 14A.32 of the Listing Rules

On 21 June 2012, Beijing Tianrun New Energy Investment Co. Ltd., a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with China Three Gorges New Energy to transfer 50% equity interest in Shangdu Tianrun Wind Power Co., Ltd. ("**Shangdu Tianrun**") for a total cash consideration of RMB126,965,100. China Three Gorges New Energy is a connected person of the Company by virtue of being a substantial shareholder which holds 11.19% of the total issued share capital of the Company. Upon completion of this transaction, the Company ceased to have any interest in Shangdu Tianrun.

On 21 June 2012, Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd., then a non-wholly-owned subsidiary of the Company, entered into two contracts with Three Gorges New Energy Jinchang Wind Power Co. Ltd. ("**Three Gorges New Energy Jinchang**") regarding the provisions of equipment installation, construction and commissioning services in relation to wind farm projects in Shuiquanzi and Xitan, Gansu Province, the PRC. The cash consideration for each of these contracts was RMB9,527,810 and RMB9,517,234, respectively, and was to be settled by installment based on the stages of completion of each contract. Three Gorges New Energy Jinchang is a connected person of the Company by virtue of being a wholly-owned subsidiary of China Three Gorges New Energy, which is a substantial shareholder of the Company.

RELATED PARTY TRANSACTIONS

During the reporting year, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these related party transactions are disclosed in note 42 to the financial statements. These related party transactions include non-exempt continuing connected transactions as disclosed in the paragraph "Connected Transactions" in this report.

CHARITABLE DONATIONS

During the reporting year, the Group made charitable donations amounting to approximately RMB3,724,000.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed and approved the Annual Report 2012 of the Company. Information on works performed by the Audit Committee and its composition are set out on page 58 of the Corporate Governance Report.

COMPLICANCE WITH CORPORATE GOVERNANCE CODE

During the year of 2012, the Group has complied with all applicable code provisions under the Code on Corporate Governance Practices and Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for a deviation from Code Provision A.2.1 during the period from 23 March 2012 to 8 January 2013. Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same person. During the period from 23 March 2012 to 8 January 2013, the Chairman of the Board and President of the Company have been performed by the same person, Mr. Wu Gang, following the resignation of Mr. Guo Jian, the former President, on 23 March 2012. Mr. Wu Gang is a founding member of the Group and has over 20 years of experience in the wind power industry and possesses a thorough knowledge of the operations and management of the Company. Given the circumstances at that time, the Board believed that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which is in the best interests of the Company. On 9 January 2013, Mr. Wang Haibo, an executive director and Vice President of the Company, was promoted to be the President of the Company for the strengthening of our corporate governance and the further development of the Company.

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

Corporate Governance Report

As a company publicly listed on the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), the Company has remained in strict compliance with the *Company Law of the People's Republic of China* (the "**PRC**" or "**China**"), the *Securities Law of the PRC*, the *Code of Corporate Governance for Listed Companies*, other relevant laws and regulations, and the listing rules of both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. The Company seeks to continually improve its corporate governance structure, optimise its internal management, internal controls and operations to improve the Company's corporate governance.

Save as otherwise disclosed in this report, the board of directors (the "**Board**") of the Company believes that, throughout the financial year ended 31 December 2012, the Company had complied with all applicable requirements under the then *Code of Corporate Governance Practices* (the "**Old Code**") and the current *Corporate Governance Code and Corporate Governance Report* (the "**New Code**", together with the Old Code, the "**Corporate Governance Code**") which are contained in Appendix 14 to the *Rules Governing the Listing of Securities on the Hong Kong Stock Exchange* (the "**Listing Rules**").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has strictly complied with the relevant binding clauses on securities transactions by directors imposed by the regulatory authorities of Hong Kong and the PRC, and we adhere to the principle of complying with the stricter regulations between the two jurisdictions. Following specific enquiry by the Company, all directors of the Company have confirmed that they had complied with the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix 10 to the Listing Rules during the financial year of 2012.

THE BOARD

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

Board Composition

The Board composition during the year of 2012 and up to the latest practicable date prior to the issue of this report, that is 22 March 2013 (the "**LPD**"), is set out below:

Executive directors
Mr. Wu Gang (Chairman)
Mr. Wang Haibo (appointed on 21 June 2012)
Mr. Guo Jian (resigned on 23 March 2012)

Non-executive directors
Mr. Li Ying (Vice Chairman)
Ms. Hu Yang
Ms. Ji Dongmei (appointed on 21 June 2012)
Mr. Lv Houjun (resigned on 24 April 2012)
Mr. Gao Zhong (resigned on 26 October 2012)
Mr. Yu Shengjun (appointed on 9 January 2013)

Independent non-executive directors
Mr. Wang Yousan
Mr. Shi Pengfei
Dr. Tin Yau Kelvin Wong

The current Board is the fourth Board of the Company. Mr. Wu Gang, Mr. Li Ying, Mr. Wang Yousan and Mr. Shi Pengfei were elected or re-elected at the Annual General Meeting of the Company for 2009 held on 25 March 2010 for a term of three years. Dr. Tin Yau Kelvin Wong ("**Dr. Wong**") was elected at the Annual General Meeting of the Company for 2010 held on 24 June 2011. Ms. Hu Yang ("**Ms. Hu**") was elected at the First Extraordinary General Meeting of the Company for 2011 held on 27 September 2011. Mr. Wang Haibo ("**Mr. Wang**") and Ms. Ji Dongmei ("**Ms. Ji**") were elected at the Annual General Meeting of the Company for 2011 (the "**2011 AGM**") held on 20 June 2012. Mr. Yu Shengjun ("**Mr. Yu**") was elected at the First Extraordinary General Meeting of the Company for 2013 (the "**First 2013 EGM**") held on 8 January 2013. The terms of office of Dr. Wong, Ms. Hu, Mr. Wang, Ms. Ji and Mr. Yu shall end on the same date as the other members of the current Board.

The profiles of the directors are set out in the section headed "Profiles of Directors, Supervisors, and Senior Management" on page 66 of this annual report. The executive and non-executive directors of the Company have extensive expertise, experience, and skills in the wind power industry and other professional areas, and thus will provide a knowledgeable resource on strategic decisions. During the reporting year, the Board complied with the requirement of the Listing Rules relating to the representation of at least one-third of the Board at all times by independent non-executive directors, and these three independent non-executive directors of the Company have extensive experience in the industry and possess professional qualifications in areas such as finance and corporate management.

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

Operations of the Board

Pursuant to the *Articles of Association* (the "**Articles**") of the Company, the Board is required to hold at least four board meetings each year, to be convened by the chairman of the Board (the "**Chairman**"). In order for the directors to have the opportunity to attend board meetings, a notice period of at least 10 days shall be given to every director and supervisor for a regular board meeting. In the event of an emergency, special board meetings may be convened upon a proposal made by the Chairman or at least one third of the directors or the president. The notice shall state the time and place of, reasons for, issues to be discussed at, and the date of notice of the board meeting.

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

For the year ended 31 December 2012, the Board held a total of seven board meetings. The attendance record of the directors at those board meetings during the reporting year are as follows:

Name	Required Number of Attendances	Attendances in Person	Attendances by Proxy	Absences	Personal Absence for Two or More Consecutive Meetings
Wu Gang	7	7	0	0	No
Li Ying	7	7	0	0	No
Wang Haibo[1]	4	4	0	0	No
Hu Yang	7	7	0	0	No
Ji Dongmei[2]	4	4	0	0	No
Lv Houjun[3]	1	0	1	0	No
Gao Zhong[4]	6	6	0	0	No
Wang Yousan	7	7	0	0	No
Shi Pengfei	7	7	0	0	No
Tin Yau Kelvin Wong	7	7	0	0	No

Notes:

1. Mr. Wang Haibo was appointed as director on 21 June 2012.
2. Ms. Ji Dongmei was appointed as director on 21 June 2012.
3. Mr. Lv Houjun resigned on 24 April 2012.
4. Mr. Gao Zhong resigned on 26 October 2012.

In addition, the directors also attended the general meetings of the Company to better understand the views of the shareholders. During the reporting year, the Company held the 2011 AGM that was attended by directors Mr. Wu Gang, Mr. Gao Zhong, Mr. Li Ying, Ms. Hu Yang, Mr. Wang Yousan, and Mr. Shi Pengfei.

Assignment of Responsibilities

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

The Board is also responsible for the preparation of the accounts for each financial period to present a truthful and transparent view of the Company's financial status, operating results, and cash flow for that period. During the course of preparing the accounts for the financial year ended 31 December 2012, the directors selected and implemented appropriate accounting policies, made prudent and reasonable decisions and estimates, and prepared the accounts on an on-going basis.

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

Chairman and President

Reference is made to "Compliance with Corporate Governance Code" under The Board of Directors' Report for the explanation for a deviation from Code Provision A.2.1 of the Corporate Governance Code which requires the roles of chairman and chief executive should be separate and should not be performed by the same person. On 9 January 2013, Mr. Wang Haibo, an executive director and Vice President of the Company, was promoted to be the President of the Company for the strengthening of our corporate governance and the further development of the Company. The Company has duly complied with the Code Provision A.2.1 since then, and as of the LPD, the roles of Chairman of the Board and President of the Company are vested in Mr. Wu Gang and Mr. Wang Haibo, respectively.

The Company has established a clear division of responsibilities for the Chairman and President. The Chairman is responsible for establishing the Company's development strategies, ensuring the proper functioning of the Board, and monitoring the Company's corporate governance practices and procedures. In addition, the Chairman shall encourage all directors to fully contribute to the Board's affairs and ensure the Board acts in the best interests of the Company. The Chairman shall also encourage all directors to express their differing opinions and ensure decisions of the Board reflect their consensus fairly, encourage a culture of openness and constructive discussions, and ensure an effective communications channel with the shareholders. During the reporting year, the Chairman held one discussion session with the non-executive directors (including independent non-executive directors) and obtained independent opinions of the Board's affairs without the presence of executive directors. The President is responsible for the day-to-day management of the Company's operations, including the implementation of strategies set out by the Board, making day-to-day decisions, and coordinating overall business operations.

Director Nominations

The Board has established a Nomination Committee. The Nomination Committee will examine the relevant qualifications of director candidates and recommendations will then be submitted to the Board. All newly nominated directors are subject to approval by the shareholders at the Company's shareholders' general meeting and will have a term of not more than three years. Directors may be re-elected following the end of their terms in office.

Board Committees

The Board has established an Audit Committee, a Remuneration and Assessment Committee, a Nomination Committee and a Strategic Committee in accordance with the requirements of the Listing Rules. The New Code came into effect on 1 April 2012 and the Company amended the responsibilities of the Audit Committee, Remuneration and Assessment Committee, and Nomination Committee accordingly. The written terms of reference of the Committees, which are available on the websites of the Hong Kong Stock Exchange and the Company, have set out clearly their respective roles and authorities. The Committees are provided with sufficient resources to perform its duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

1. Audit Committee

The Audit Committee currently consists of two independent non-executive directors and one non-executive director, namely Dr. Tin Yau Kelvin Wong, Mr. Wang Yousan and Mr. Li Ying. The Committee Chairman is Dr. Tin Yau Kelvin Wong. Mr. Li Ying was appointed as a member of the Audit Committee following the resignation of Mr. Gao Zhong, a former member of the Audit Committee, on 26 October 2012.

The primary duties of the Audit Committee are to coordinate the communication and evaluation of internal and external audits, review financial information and its disclosure, supervise and evaluate internal controls and risk management, and supervise and review significant decisions.

The work performed by the Audit Committee during the year in discharging its responsibilities included the review of annual, interim and quarterly reports, review of the 2012 Audit Plan of the Company, provide recommendations for the financial management of the Company, supervise the improvement of internal controls, and strengthen risk management.

During the reporting year, the Audit Committee held five meetings. All members of the Audit Committee, namely Dr. Tin Yau Kelvin Wong, Mr. Wang Yousan and Mr. Li Ying, attended all meetings.

2. Remuneration and Assessment Committee

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

The primary duties of the Remuneration and Assessment Committee are to analyse, determine and implement the evaluation standards for directors and senior management personnel of the Company, and to analyse and determine the remuneration policy for directors and senior management personnel of the Company.

The work performed by the Remuneration and Assessment Committee during the year in discharging its responsibilities included assessing the implementation of the Remuneration Policy and the performance of the senior management of the Company in 2012, and provide recommendations to the Board on the remuneration packages of directors and senior management personnel in 2013.

During the reporting year, the Remuneration and Assessment Committee held one meeting. All members of the Remuneration and Assessment Committee, namely Mr. Wang Yousan, Mr. Shi Pengfei and Mr. Li Ying, attended the meeting.

3. Nomination Committee

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

The primary duties of the Nomination Committee are to analyse and provide recommendations for the nomination, change, and nomination criteria and procedures of directors and senior management personnel of the Company.

The work performed by the Nomination Committee during the year in discharging its responsibilities included reviewing the structure and composition of the Board, nominating directors and senior management personnel, and assessing the independence of the independent non-executive directors.

During the reporting year, the Nomination Committee held three meetings. All members of the Nomination Committee, namely Mr. Wang Yousan, Mr. Shi Pengfei and Mr. Wu Gang, attended all meetings.

4. **Strategic Committee**

The Strategic Committee consists of one executive director, one non-executive director and one independent non-executive director, namely Mr. Wu Gang, Ms. Hu Yang and Mr. Shi Pengfei. The Committee Chairman is Mr. Wu Gang. Mr. Guo Jian and Mr. Gao Zhong are no longer members of the Strategic Committee effective as of the date of their resignations on 23 March 2012 and 26 October 2012, respectively.

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

During the reporting year, the Strategic Committee held a total of two meetings. All members of the Strategic Committee, namely Mr. Wu Gang, Ms. Hu Yang, Mr. Shi Pengfei and Mr. Gao Zhong, attended the meeting. Both meetings were held prior to the resignation of Mr. Gao Zhong on 26 October 2012.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties. During the reporting year, the Board has reviewed the corporate governance policies of the Company, reviewed the training and continuous professional development of all directors and senior management personnel, reviewed the Company's policies for compliance with legal and regulatory requirements, and reviewed the Company's compliance with the Corporate Governance Code and the disclosure of this Corporate Governance Report.

TRAINING FOR DIRECTORS

The Company periodically provides relevant training information to directors. During the reporting year, the Company submitted monthly operations reports to brief directors on the Company's operations and financial positions, as well as industry and capital market updates. The Company also provided training courses to directors regarding updates of the Listing Rules. During the reporting year, all directors participated in training for continuous professional development for approximately 8 hours.

AUDITORS

During the reporting year, Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the Company's auditors.

During the reporting year, the fees payable to the auditors for the Company's audit services totalled RMB5.80 million, including the fees for internal control audit amounting to RMB0.47 million.

SENIOR MANAGEMENT'S INTERESTS IN SHARES (AS AT 31 DECEMBER 2012)

Name	Position	Tenure	Number of A Shares Held	Number of H Shares Held
Mr. Wu Gang	Chairman, Chief Executive Officer and President	25.3.2010-24.3.2013	40,167,040	–
Mr. Wang Haibo	Director and Vice President	25.3.2010-24.3.2013	–	–
Mr. Cao Zhigang	Executive Vice President	25.3.2010-24.3.2013	9,368,024	–
Mr. Jürgen Rinck	Vice President and Chief Technology Officer	25.3.2010-24.3.2013	–	–
Mr. Wang Xiangming	Vice President	25.3.2010-24.3.2013	18,850,400	–
Mr. Wu Kai	Vice President	24.1.2011-24.3.2013	–	–
Mr. Yang Hua	Vice President	24.1.2011-24.3.2013	–	–
Ms. Ma Jinru	Vice President and Secretary of the Board	25.3.2010-24.3.2013	–	–
Mr. Huo Changbao	Chief Financial Officer	1.1.2012-24.3.2013	–	–
Mr. Liu He	Chief Engineer	23.3.2012-24.3.2013	–	–

SUPERVISORY SYSTEM

Supervisory Committee

The Supervisory Committee is the Company's long-standing supervisory system. The Supervisory Committee is responsible for the supervision of the members of the Board and senior management in order to prevent the abuse of authority or violation of the interests of the shareholders, the Company and employees. The Supervisory Committee consists of five supervisors including one chairman.

Internal Control

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

The Group has established an Internal Audit Department as a designated internal audit system and implemented the *Internal Control, Supervision and Monitoring Policy*, as well as introduced the *Auditing Handbook* and the *Administration Rules on Risk Management* during the reporting year. These are responsible for audit supervision and risk control of the Company and its subsidiaries, review and assessment of the Group's internal control system, and supervision of the establishment and implementation of the Group's internal control system, accuracy and completeness of financial information, and the efficiency and effectiveness of business operations.

During the reporting year, the Group also complied with its *Administration Rules on Information Disclosure*, providing internal control procedures for the management and disclosure of material and price sensitive information regarding the Group in order to ensure that information disclosure of the Company are in compliance with the Listing Rules.

SHAREHOLDERS' RIGHTS

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

Pursuant to the Articles, the shareholders of the Company, either individually or jointly holding over 10% of the shares of the Company, have the right to propose to the Board for the convening of an extraordinary general meeting in writing. The Board will, in accordance with laws, administrative regulations and the Articles, provide a written reply within 10 days after receiving the proposal with respect to whether it agrees with such proposal to convene the extraordinary general meeting. In the event that the Board disagrees with the convening of such extraordinary general meeting, or fails to provide any feedback within 10 days after receiving the proposals, the shareholders of the Company, either individually or jointly holding over 10% of the shares of the Company, have the right to propose to the Supervisory Committee for the convening of the extraordinary general meeting in writing.

Pursuant to the Articles, the Board, Supervisory Committee and shareholders that either individually or jointly hold more than 3% of the shares of the Company have the right to make proposals to the Company for shareholders' general meetings, in which event the Company shall include all matters in the proposals that fall within the jurisdiction of the shareholders' general meeting into the agenda of the meeting. In addition, shareholders that either individually or jointly hold more than 3% of the shares of the Company have the right to submit temporary proposals to the convener of the meeting in writing at least 10 days prior to the shareholders' general meeting, in which event the convener of the meeting shall give a supplementary notice of the general meeting within 2 days after receiving such proposals and announce the contents of the temporary proposals.

As the highest authority of the Company, the shareholders' general meeting is responsible for the decision-making of all major Company issues in accordance with the relevant laws and regulations. The Company has remained in strict compliance with the *Rules on Shareholders' General Meetings of Listed Companies*, the Articles, *Rules on Procedures of Shareholders' General Meetings*, and other relevant laws, regulations and systems. The Company shall convene shareholders' general meetings and standardise the meeting procedures in accordance with relevant laws to ensure fair treatment towards all shareholders, especially minority shareholders, and enable them to fully execute their rights. The Company encourages all shareholders to attend shareholders' general meetings and express their opinions.

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

Shareholders of the Company are welcome to send their written enquiries to the Company at No.107, Shanghai Road, Economic & Technological Development District, Urumqi, Xinjiang (Attention: Office of Secretary of the Board).

INVESTOR RELATIONS MANAGEMENT

The Secretary of the Board of the Company is the person-in-charge of investor relations management. The Company's Office of Secretary of the Board is responsible for the day-to-day operations of investor relations management. The Company provided investors with shareholders' general meetings, the corporate website, an interactive investors' platform, periodic conference calls, telephone and email contact information, and other forms of communication. In addition, the Company participates in events in support of research on the Group and the industry, results presentations, investor receptions, investment strategy events with intermediaries, and investor conferences, and thus provides opportunities for the Company's investors to communicate with its management and further understand the Company and the industry.

In order to comply with relevant requirements of the *Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》) (CSRC 2012, No. 37) issued by the China Securities Regulatory Commission (the "**CSRC**"), *the Notice of Implementation of Dividend Payment in Cash of Listed Companies in Xinjiang* (《關於落實新疆轄區上市公司現金分紅有關事項的通知》) (CSRC Xinjiang 2012, No. 65) issued by the CSRC Xinjiang Office, and for the further development of the Company's business, the Company amended relevant provisions regarding the dividend distribution policy in the Articles. These amendments were approved at the First 2013 EGM held on 8 January 2013.

During the reporting year, the above provisions of the Articles have been amended and an announcement with respect to such amendments was published on 24 August 2012 on the websites of the Hong Kong Stock Exchange and the Company. Other than as disclosed in the aforementioned announcement, there were no significant changes in the Company's constitutional documents during the reporting year. The latest version of the Articles is available on the websites of the Hong Kong Stock Exchange and the Company.

Goldwind has received support from our shareholders and stakeholders at home and abroad throughout our development and growth, and at the same time, we are committed to performing our corporate social responsibilities and being a model company in our community. We will continue to prioritise maximising our long-term shareholder value, investing in our community, and protecting the environment in order to maximise value for all our stakeholders

PROTECTION OF THE INTERESTS OF SHAREHOLDERS AND CREDITORS

Shareholders are our owners and creditors are our closest stakeholders. Protecting their interests is the starting point of our incorporation and operations. It is the fundamental principle for the existence of any company. Protecting the interests of our shareholders, especially minority shareholders, and the legal rights of our creditors is our fundamental corporate social responsibility. As a company listed on both the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited, we will continue to improve and optimise our corporate governance and ensure the normal operations of our businesses. We will continue to improve communication with our shareholders, welcome and encourage supervision by the market, maintain our principle of prioritising product quality, increase our investment in R&D, ensure stability of our financial position, assets and capital, and ensure absolute protection of the interests of our shareholders and creditors.

PROTECTION OF THE INTERESTS OF EMPLOYEES

Goldwind is committed to integrating our "people-oriented" culture into the actions of every one of our management personnel, and proactively create a platform for the career development and continued personal health of our employees. We have helped our employees to understand our strategy, targets, achievements, policies and procedures through our regular communications and training. We also strongly encourage our employees to participate in the management of Goldwind, fully respecting their rights to information, participation and supervision. In addition, we took advantage of our Goldwind University to provide technical and safety training for our employees and improve their personal qualities and safety awareness. We will continue to improve our management of occupational health and safety, maintain our drive for environmental protection, and ensure the protection of the interests of our employees. We will proactively organise various cultural and sporting events, and encourage our employees to work hard, play hard.

PROTECTION OF THE INTERESTS OF CLIENTS AND SUPPLIERS

Goldwind strives to discover and create value for our customers. Through our continued technological innovation and product optimisation, we seek to utilise our global resources and provide high quality and reliable products to our customers, and maximise their value.

We continue to maintain our principle of win-win through cooperation with our suppliers. We seek to facilitate win-win relationships and grow with our suppliers based on our cooperation and founded on trust. We advocate and implement fair and transparent supplier relationships. We communicate the importance of operating with integrity to our suppliers through our supplier events, provide a fair and transparent competitive environment, and strongly condemn commercial bribery and corruption. Through establishing strategic alliances, we will work together with our suppliers to lower costs, integrate the protection of the interests of suppliers into every phase of our procurement process, achieve win-win relationships with our suppliers through establishing long-term strategic partnerships, and work together to facilitate the sustainable development of China's wind power industry.

ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT

Along with our pursuit of profitability, we also commit to the protection of the environment and facilitate our continued sustainable development. As at 31 December 2012, Goldwind's accumulated installed capacity exceeded 15GW, which can reduce coal demand by approximately 12 million tons, CO_2 emissions by 29.91 million tons, and is equivalent to planting 16.40 million cubic meters of forest.

PUBLIC RELATIONS AND COMMUNITY SERVICES

Goldwind continues to commit to our corporate social responsibilities, seeking to give back to our society, pay our taxes, create jobs, boost local economic development, and in addition, proactively participate in local community services and provide assistance to communities in need.

In 2012, Goldwind organised events that included schooling donations through tree planting in the green environment base of Beijing through the China Environmental Protection Foundation. We also organised charitable events for nursing homes, orphanages and school for the blind with China Charities Aid Foundation for Children. In particular, we established a long-term assistance program with the 40 children of Qinghai Yushu Tianshi Art Association for Orphans. Utilising the education resources of our Goldwind University, we can continue to provide art and sports training to these children, and assist in their long-term development.

Profiles of Directors, Supervisors and Senior Management

Below are profiles of directors, supervisors, and senior management of the Company that were in office as at 31 December 2012.

EXECUTIVE DIRECTORS

Mr. Wu Gang（武鋼先生）, aged 55, is the Chairman of the Board and Chief Executive Officer of the Company. He graduated from Dalian University of Technology with a master's degree. Mr. Wu is a professor-level senior engineer and he is the deputy director of the Chinese Renewable Energy Industries Association. Mr. Wu is an expert entitled to a special allowance granted by the State Council and a member of the expert consultants' group for the government of Xinjiang. Mr. Wu was the Chairman and general manager of Goldwind from 2002 to 2006, became the Chairman and Chief Executive Officer in March 2006, and concurrently held the position of President from March 2012 to January 2013.

Mr. Wang Haibo（王海波先生）, aged 39, is a director and vice president of the Company. Mr. Wang graduated from Xinjiang Finance and Economics Institute with a bachelor's degree. He began his career with Goldwind in August 2000 and became director of our Marketing Centre and Investment Development Department since 2001. He has been the deputy general manager, general manager and the chairman of Beijing Tianrun New Energy Investment Co., Ltd. since 2007. Since January 2011, he concurrently held the general manager's position in Goldwind International Holdings (HK) Limited. Mr. Wang was appointed as an employee representative supervisor of the Company from 2005 to March 2010. He was appointed as a vice president of the Company in March 2010 and became an executive director of the Company in June 2012. He was appointed as the President of the Company in January 2013.

NON-EXECUTIVE DIRECTORS

Mr. Li Ying（李熒先生）, aged 78, is the Vice Chairman of the Company. He graduated from Wuhan College of Hydraulics. He is a professor-level senior engineer and an expert entitled to a special allowance granted by the State Council. Mr. Li was the deputy director of the Rural Hydropower Department of the Ministry of Water Resources. He is currently the chairman of Ningde City Dagang Hydropower Station Development Co., Ltd.. Mr. Li has been a Vice Chairman of the Company since March 2001.

Ms. Hu Yang（胡陽女士）, aged 46, is a director of the Company. She graduated from Minzu University of China with a master's degree in economics. From 2006, she acted as, among other positions, the vice general manager of Assets Operation and Management of China Water Resources Investment Group Company and the general manager of China Water Resources Investment Group Company. Currently she is the chief economist of China Three Gorges New Energy Corporation and the director of the corporate governance and legal affairs department of China Three Gorges New Energy Corporation. She was appointed as a director of the Company in September 2011.

Ms. Ji Dongmei（吉冬梅女士）, aged 40, is a director of the Company. She holds a master's degree. Ms. Ji was previously employed with Yishi Consulting (China), Orient International Enterprise Ltd., and the Investment Banking Headquarters and International Business Department of Haitong International Securities Group Limited. Ms. Ji joined Haitong-Fortis Private Equity Fund Management Co., Ltd. in 2004 and held positions of investment vice president and executive general manager. She is currently the managing director of Haitong-Fortis Private Equity Fund Management Co., Ltd.. She was appointed as a director of the Company in June 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Yousan (王友三先生), aged 78, is an independent director of the Company. He is a senior economist. Mr. Wang was the deputy vice chairman of the government of Xinjiang from 1991 to 1996, the vice chairman of the Xinjiang Chinese People's Political Consultative Conference from 1996 to 2001, and retired in February 2001. Mr. Wang was appointed as an independent director of the Company in March 2007.

Mr. Shi Pengfei (施鵬飛先生), aged 73, is an independent director of the Company. He graduated from Beijing Institute of Machinery with a bachelor's degree. Mr. Shi is a professor-level senior engineer. Currently, he is the vice chairman for the Chinese Wind Energy Association of the China Renewable Energy Society. He was appointed as an independent director of the Company in March 2007.

Dr. Tin Yau Kelvin Wong (黃天祐博士), aged 52, is an independent director of the Company. He obtained his Master of Business Administration degree from Andrews University in Michigan, USA, and his Doctorate of Business Administration from The Hong Kong Polytechnic University. He is the Chairman of The Hong Kong Institute of Directors, non-executive director of the Securities and Futures Commission ("**SFC**"), a member of the Main Board and GEM Listing Committee of The Stock Exchange of Hong Kong Limited, a member of the SFC (HKEC Listing) Committee of the SFC, a member of the Standing Committee on Company Law Reform, a member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption, a member of the Appeal Board Panel (Town Planning), a member of The Board of Review (Inland Revenue Ordinance), a member of the board of Hong Kong Sports Institute Limited, a council member of The Hong Kong Management Association, a member of the OECD/World Bank Asian Corporate Governance Roundtable, and the council advisor and past chairman of the Hong Kong Chinese Orchestra Limited. Dr. Wong is currently an executive director, deputy managing director, the chairman of the Corporate Governance Committee and member of the Executive Committee of COSCO Pacific Limited, an independent non-executive director and chairman of the Audit Committee of China Metal International Holdings Inc. and China ZhengTong Auto Services Holdings Limited, an independent non-executive director, chairman of the Audit Committee and chairman of the Nomination Committee of I.T Limited, and an independent non-executive director of CIG Yangtze Ports PLC. All the aforementioned companies are listed on The Stock Exchange of Hong Kong Limited. He was appointed as an independent director of the Company in June 2011.

SUPERVISORS

Mr. Wang Mengqiu (王孟秋先生), aged 49, is the Chairman of the Supervisory Committee of the Company. He graduated from Shenzhen University. From 2002 to 2006, Mr. Wang served as a director of the Finance Centre of China Three Gorges Corporation, and is now a director of its Audit Department. Mr. Wang was appointed as a Supervisor of the Company in August 2008.

Mr. Wang Shiwei (王世偉先生), aged 56, is a supervisor of the Company. Mr. Wang is an engineer and has been a deputy manager in Xinjiang Wind Power since 2005. Mr. Wang was appointed as a supervisor of the Company from September 2009.

Mr. Luo Jun (洛軍先生), aged 46, is a supervisor of the Company. Mr. Luo graduated from Southwest University of Science and Technology and is an accountant. From 2002 to 2008, Mr. Luo held positions in the Finance Department, Reform Office and Equity Management Office of Xinjiang Wind Power, and is currently serving as a director of its Equity Management Office. Mr. Luo was appointed as a supervisor of the Company in May 2004.

Ms. Zhang Xiaotao (張曉濤女士), aged 42, is an employee representative supervisor of the Company. Ms. Zhang graduated from Beijing Technology and Business University with a bachelor's degree. She was an accountant for Xinjiang Wind Power between 1994 and 2001. She has previously held positions of head of finance, head of internal audit, director of finance centre, director of operations centre, and director of wind turbine unit production in the Company between 2001 and 2011, and is currently serving as the director of internal audit and supervision of the Company. Ms. Zhang was appointed as an employee representative supervisor of the Company in August 2012.

Mr. Xiao Zhiping (肖治平先生), aged 36, is an employee representative supervisor of the Company. Mr. Xiao graduated from Xinjiang University with a bachelor's degree. Mr. Xiao held positions as the manager of the Leasing Department II and the deputy general manager of the Leasing Department of Xinjiang Financial Leasing Co., Ltd. from 2002 to 2006. Mr. Xiao joined the Company in 2006 and was appointed as the director of the Investment and Equity Management Department in 2009. Mr. Xiao was appointed as an employee representative supervisor of the Company in March 2010.

SENIOR MANAGEMENT

Mr. Cao Zhigang (曹志剛先生), aged 38, is an executive vice president of the Company. Mr. Cao graduated from Xinjiang Engineering Institute with a bachelor's degree. Mr. Cao is a qualified engineer and was the director of the Electronic Control Affairs department, director of the Chief Engineer Office and the deputy chief engineer of the Company. Mr. Cao was appointed as a vice president of the Company in March 2007.

Mr. Jürgen Rinck, aged 50, is a vice president and the Chief Technology Officer of the Company. Mr. Rinck graduated from Saarland University of Applied Sciences (Hochschule für Technik und Wirtschaft des Saarlandes) with a master's degree in constructive mechanical engineering. He was responsible for the R&D of the GenesYs 600 WTG project from 1995 to 1998 as the chief engineer of the Wind Power R&D Centre. Mr. Rinck has been the general manager of VENSYS Energiesysteme GmbH & Co. KG, and has been the chief executive officer of Vensys AG since May 2007. Mr. Rinck was appointed as vice president and the Chief Technology Officer of the Company in March 2010.

Mr. Wang Xiangming（王相明先生）, aged 44, is a vice president of the Company. Mr. Wang graduated from Northwestern Polytechnical University with a bachelor's degree. Mr. Wang is a qualified professor-level senior engineer and he served as production director, vice general engineer and general engineer of the Company since 2012. He was appointed as vice president of the Company in March 2007.

Mr. Wu Kai（吳凱先生）, aged 44, is a vice president of the Company. Mr. Wu graduated from Harbin Institute of Technology with a bachelor's degree. He was senior regional manager of SKF China from 2006 to 2008. He has served as the vice general manager and general manager of supply chain management and general manager of R&D of the Company since September 2008. He was appointed as vice president of the Company in January 2011.

Mr. Yang Hua（楊華先生）, aged 46, is a vice president of the Company. He graduated from the Party School of the Central Committee of C.P.C. with a bachelor's degree. From March 2004 to February 2010, he served as director of the electronic-control system business department and vice general manager of the customer service centre of the Company. Currently, he is the general manager of domestic marketing of the Company from February 2010. Mr. Yang was appointed as vice president of the Company in January 2011.

Ms. Ma Jinru（馬金儒女士）, aged 47, is a vice president, the Secretary of the Board, and the Company Secretary of the Company. Ms. Ma graduated from Jilin University of Technology with a master's degree in transportation management engineering. She is a senior economist and an affiliated person of The Hong Kong Institute of Chartered Secretaries. She was an economist with the Dalian Port Design Institute, head of the Foreign Trade and Economic Cooperation Department of the Dalian Port Authority and a manager of the Financial Management Department of the Dalian Port Container Integrated Development Company from 1990 to 2002. Ms. Ma served as Secretary of the Board of Dalian Port Container Co., Ltd. from 2002 to 2005, Secretary of the Board and Company Secretary of Dalian Port (PDA) Co., Ltd. from 2005 to 2010. Ms. Ma was appointed as vice president, the Secretary of the Board and the Company Secretary of the Company in March 2010.

Mr. Liu He（劉河先生）, aged 48, is the Chief Engineer of the Company. Mr. Liu graduated from Northwest A&F University with a bachelor's degree. He is a senior engineer. He has served as the head of technology, director of technical quality control and Deputy Chief Engineer of the Company between 2001 and 2012. Mr. Liu was appointed as the Chief Engineer of the Company in March 2012.

Mr. Huo Changbao（霍常寶先生）, aged 38, is the Chief Financial Officer of the Company. Mr. Huo holds a Master degree, and is a Certified Public Accountant, Certified Tax Agent, Certified Public Valuer, and an internationally recognised Certified Internal Auditor. He served Ernst & Young Hua Ming as a manager of the audit department from 2007 through 2010. He has served as the deputy director and director of the finance department of the Company between 2010 and 2011. Mr. Huo was appointed as the Chief Financial Officer of the Company in January 2012.

Independent Auditors' Report

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安 永

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

We have audited the consolidated financial statements of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 72 to 195, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

AUDITORS' RESPONSIBILITY (continued)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
22 March 2013

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
REVENUE	5	**11,224,926**	12,755,970
Cost of sales		**(9,632,600)**	(10,699,178)
Gross profit		**1,592,326**	2,056,792
Other income and gains	5	**585,554**	770,150
Selling and distribution expenses		**(876,456)**	(990,317)
Administrative expenses		**(712,741)**	(738,691)
Other expenses		**(109,928)**	(78,794)
Finance costs	7	**(392,127)**	(257,954)
Share of profits and losses of:			
Jointly-controlled entities	19	**42,311**	2,286
Associates		**77,917**	100,962
PROFIT BEFORE TAX	6	**206,856**	864,434
Income tax expense	9	**(41,387)**	(146,448)
PROFIT FOR THE YEAR		**165,469**	717,986
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**12,572**	(119,074)
Available-for-sale investments:			
Changes in fair value		**(4,096)**	1,135
Income tax effect		**187**	(187)
		(3,909)	948
Share of other comprehensive income of associates		**–**	12,666
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**8,663**	(105,460)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**174,132**	612,526

continued/...

	Note	2012 RMB'000	2011 RMB'000
Profit attributable to:			
Owners of the Company		**153,054**	606,707
Non-controlling interests		**12,415**	111,279
		165,469	717,986
Total comprehensive income attributable to:			
Owners of the Company		**161,717**	501,247
Non-controlling interests		**12,415**	111,279
		174,132	612,526
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted	12	**RMB0.06**	RMB0.23

Consolidated Statement of Financial Position

31 December 2012

	Notes	As at 31 December 2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**5,366,421**	4,579,887
Investment properties	14	**82,385**	85,281
Prepaid land lease payments	15	**108,402**	214,788
Goodwill	16	**310,848**	326,225
Other intangible assets	17	**428,736**	389,918
Investments in jointly-controlled entities	19	**485,098**	392,625
Investments in associates	20	**364,065**	253,138
Available-for-sale investments	21	**544,246**	257,644
Deferred tax assets	22	**516,365**	465,368
Trade receivables	24	**304,747**	–
Prepayments, deposits and other receivables	25	**217,011**	65,332
Derivative financial instruments	31	**94,830**	33,203
Total non-current assets		**8,823,154**	7,063,409
CURRENT ASSETS			
Inventories	23	**3,511,626**	5,148,235
Trade and bills receivables	24	**10,114,634**	10,299,392
Prepayments, deposits and other receivables	25	**1,790,450**	1,623,728
Equity investment at fair value through profit or loss	26	**–**	94,035
Pledged deposits	27	**143,832**	16,325
Cash and cash equivalents	27	**6,817,928**	7,596,918
		22,378,470	24,778,633
Assets of a disposal group classified as held for sale	28	**1,194,874**	588,144
Total current assets		**23,573,344**	25,366,777
CURRENT LIABILITIES			
Trade and bills payables	29	**8,504,996**	7,580,875
Other payables and accruals	30	**1,346,352**	1,426,167
Derivative financial instruments	31	**–**	537
Interest-bearing bank loans	32	**389,211**	5,467,483
Tax payable		**57,817**	119,454
Provision	33	**671,205**	592,562
		10,969,581	15,187,078
Liabilities directly associated with the assets classified as held for sale	28	**1,296,822**	525,819
Total current liabilities		**12,266,403**	15,712,897
NET CURRENT ASSETS		**11,306,941**	9,653,880
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,130,095**	16,717,289

continued/...

	Notes	As at 31 December 2012 RMB'000	2011 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,130,095**	16,717,289
NON-CURRENT LIABILITIES			
Trade payables	29	**244,656**	–
Interest-bearing bank loans and other borrowing	32	**5,715,906**	2,574,745
Deferred tax liabilities	22	**38,801**	44,413
Provision	33	**683,941**	677,121
Government grants	34	**161,166**	152,501
Total non-current liabilities		**6,844,470**	3,448,780
Net assets		**13,285,625**	13,268,509
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	35	**2,694,588**	2,694,588
Reserves	36(a)	**10,059,864**	10,044,742
Proposed final dividend	11	**148,202**	134,729
		12,902,654	12,874,059
Non-controlling interests		**382,971**	394,450
Total equity		**13,285,625**	13,268,509

Wu Gang
Director

Wang Haibo
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Attributable to owners of the Company										
	Issued share capital (note 35) RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Available–for-sale investment revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non–controlling interests RMB'000	Total equity RMB'000
As at 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 year	–	–	–	–	606,707	–	–	–	606,707	111,279	717,986
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investment, net of tax	–	–	–	–	–	948	–	–	948	–	948
Share of other comprehensive income of associates	–	12,666	–	–	–	–	–	–	12,666	–	12,666
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(119,074)	–	(119,074)	–	(119,074)
Total comprehensive income for the year	–	12,666	–	–	606,707	948	(119,074)	–	501,247	111,279	612,526
Final 2010 dividend declared	–	–	–	–	–	–	–	(916,160)	(916,160)	–	(916,160)
Profit appropriation to reserves	–	–	–	14,208	(14,208)	–	–	–	–	–	–
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(22,033)	(22,033)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	105,480	105,480
Acquisition of shares from non-controlling shareholders	–	(16)	–	–	–	–	–	–	(16)	(42,547)	(42,563)
Acquisition of subsidiaries (note 37)	–	–	–	–	–	–	–	–	–	8,299	8,299
Disposal and derecognition of subsidiaries (note 38)	–	–	–	–	–	–	–	–	–	(107,940)	(107,940)
Proposed final 2011 dividend	–	–	–	–	(134,729)	–	–	134,729	–	–	–
As at 31 December 2011 and 1 January 2012	**2,694,588**	***7,989,649**	**–**	***495,389**	***1,719,842**	***948**	***(161,086)**	**134,729**	**12,874,059**	**394,450**	**13,268,509**
Profit for the year	**–**	**–**	**–**	**–**	**153,054**	**–**	**–**	**–**	**153,054**	**12,415**	**165,469**
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investment, net of tax	**–**	**–**	**–**	**–**	**–**	**(3,909)**	**–**	**–**	**(3,909)**	**–**	**(3,909)**
Exchange differences on translations of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**12,572**	**–**	**12,572**	**–**	**12,572**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**153,054**	**(3,909)**	**12,572**	**–**	**161,717**	**12,415**	**174,132**
Final 2011 dividend declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(134,729)**	**(134,729)**	**–**	**(134,729)**
Profit appropriation to reserves	**–**	**–**	**–**	**37,482**	**(37,482)**	**–**	**–**	**–**	**–**	**–**	**–**
Dividend declared to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(22,806)**	**(22,806)**
Capital contribution from non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**41,417**	**41,417**
Capital withdrawal of non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,710)**	**(4,710)**
Acquisition of shares from non-controlling shareholders	**–**	**1,607**	**–**	**–**	**–**	**–**	**–**	**–**	**1,607**	**(37,795)**	**(36,188)**
Proposed final 2012 dividend	**–**	**–**	**–**	**–**	**(148,202)**	**–**	**–**	**148,202**	**–**	**–**	**–**
Transfer to special reserve	**–**	**–**	**15,283**	**–**	**–**	**–**	**–**	**–**	**15,283**	**–**	**15,283**
Special reserve utilised	**–**	**–**	**(15,283)**	**–**	**–**	**–**	**–**	**–**	**(15,283)**	**–**	**(15,283)**
As at 31 December 2012	**2,694,588**	***7,991,256**	**–**	***532,871**	***1,687,212**	***(2,961)**	***(148,514)**	**148,202**	**12,902,654**	**382,971**	**13,285,625**

* As at 31 December 2012, these reserve accounts comprised the consolidated reserves of RMB10,059,864,000 (31 December 2011: RMB10,044,742,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**206,856**	864,434
Adjustments for:			
Finance costs	7	**392,127**	257,954
Foreign exchange differences, net	6	**18,113**	11,021
Bank interest income		**(146)**	(24,705)
Share of profits and losses of jointly-controlled entities	19	**(42,311)**	(2,286)
Share of profits and losses of associates		**(77,917)**	(100,962)
Depreciation	6	**186,468**	138,185
Amortisation of prepaid land lease payments	6	**3,204**	4,564
Amortisation of other intangible assets	6	**44,930**	53,832
Loss on disposals of items of property, plant and equipment and other intangible assets, net	6	**67**	4,714
Gain on disposals and derecognition of subsidiaries	5	**(244,080)**	(386,920)
Gain on disposal of a jointly-controlled entity	5	**(43,865)**	(24,854)
Dividend income from available-for-sale investments	5	**–**	(1,522)
Realised gain on derivative financial instruments	5	**–**	(533)
Gain on other investments		**(2,797)**	–
Net fair value gain on derivative financial instruments	5	**(1,637)**	(31,262)
Impairment of trade and other receivables	6	**48,541**	16,555
Write-down of inventories to net realisable value	6	**58,782**	–
Government grants		**(19,246)**	–
		527,089	778,215
Decrease/(increase) in inventories		**1,061,153**	(780,089)
Decrease/(increase) in trade and bills receivables		**148,737**	(2,816,029)
Increase in prepayments, deposits and other receivables		**(127,387)**	(357,289)
Decrease/(increase) in equity investment at fair value through profit or loss		**94,035**	(94,035)
Increase/(decrease) in trade and bills payables		**917,257**	(88,407)
Decrease in other payables and accruals		**(115,178)**	(792,133)
Increase in provision		**85,463**	253,524
Increase in government grants		**12,694**	–
Cash generated from operations		**2,603,863**	(3,896,243)
Income tax paid		**(103,925)**	(237,199)
Net cash flows from/(used in) operating activities		**2,499,938**	(4,133,442)

continued/...

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(2,585,787)**	(3,006,150)
Additions of prepaid land lease payments		**(12,694)**	(11,191)
Additions of other intangible assets		**(93,180)**	(205,702)
Acquisitions of subsidiaries, net of cash acquired	37	**(123,004)**	(325,365)
Acquisitions of non-controlling interests in subsidiaries		**(31,050)**	(1,243)
Purchases of shareholding in jointly-controlled entities		**(60,573)**	(146,661)
Purchases of shareholding in associates		**(19,857)**	(35,450)
Purchases of available-for-sale investments		**(275,400)**	(197,696)
Receipt of government grants		**399,657**	–
Disposal of shareholding in jointly-controlled entities and other entities		**80,377**	–
Proceeds from disposals of items of property, plant and equipment, prepaid land lease payments and other intangible assets		**89,433**	985
Disposals and derecognition of subsidiaries, net of cash disposed of	38	**446,661**	(77,057)
Cash and cash equivalents included in assets held for sale	28	**(28,892)**	(87,396)
Repayments of loans from jointly-controlled entities		**11,263**	302,745
Repayments of loans from associates		**7,942**	36,211
Repayments of loans to jointly-controlled entities		**(4,512)**	(24,648)
(Increase)/decrease in pledged deposits		**(1,627)**	318,274
(Increase)/decrease in non-pledged time deposits with original maturity of three months or more when acquired		**(171,312)**	38,912
Interest received		**146**	24,706
Dividend received		**59,710**	40,449
Other investments income received		**8,806**	–
Net cash flows used in investing activities		**(2,303,893)**	(3,356,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and corporate bond		**5,614,247**	11,882,923
Repayment of bank loans		**(6,360,708)**	(4,949,538)
Increase in payables to the non-controlling shareholders of subsidiaries		**10,646**	43,860
Interest paid		**(311,176)**	(251,764)
Capital contributions from non-controlling shareholders		**41,311**	105,420
Dividend paid to owners of the Company		**(134,729)**	(916,160)
Dividend paid to non-controlling shareholders		**(22,806)**	(9,945)
Net cash flows (used in)/from financing activities		**(1,163,215)**	5,904,796
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(967,170)**	(1,584,923)
Cash and cash equivalents at beginning of year		**7,554,630**	9,242,400
Effect of foreign exchange rate changes, net		**16,868**	(102,847)
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	**6,604,328**	7,554,630

Statement of Financial Position

31 December 2012

	Notes	As at 31 December 2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**194,095**	205,489
Investment properties	14	**71,355**	73,493
Prepaid land lease payments	15	**22,433**	22,991
Other intangible assets	17	**120,269**	66,081
Investments in subsidiaries	18	**6,181,831**	5,565,109
Investments in associates	20	**54,000**	–
Deferred tax assets	22	**258,732**	239,674
Trade receivables	24	**201,137**	–
Prepayments, deposits and other receivables	25	**69,744**	–
Total non-current assets		**7,173,596**	6,172,837
CURRENT ASSETS			
Inventories	23	**1,848,242**	2,779,070
Trade and bills receivables	24	**8,301,296**	8,673,980
Prepayments, deposits and other receivables	25	**4,290,625**	2,553,851
Pledged deposits	27	**347**	–
Cash and cash equivalents	27	**3,240,001**	4,163,697
Total current assets		**17,680,511**	18,170,598
CURRENT LIABILITIES			
Trade and bills payables	29	**7,300,223**	5,910,803
Other payables and accruals	30	**1,423,089**	1,503,182
Derivative financial instruments	31	**–**	537
Interest-bearing bank loans	32	**50,000**	3,700,785
Tax payable		**8,490**	–
Provision	33	**504,132**	456,991
Total current liabilities		**9,285,934**	11,572,298
NET CURRENT ASSETS		**8,394,577**	6,598,300
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,568,173**	12,771,137

continued/...

Statement of Financial Position (continued)

31 December 2012

	Notes	As at 31 December 2012 RMB'000	2011 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,568,173**	12,771,137
NON-CURRENT LIABILITIES			
Trade payables	29	**138,743**	–
Interest-bearing bank loans and other borrowing	32	**2,980,461**	600,000
Deferred tax liabilities	22	**–**	82
Provision	33	**550,464**	591,798
Government grants	34	**118,017**	49,422
Total non-current liabilities		**3,787,685**	1,241,302
Net assets		**11,780,488**	11,529,835
EQUITY			
Issued share capital	35	**2,694,588**	2,694,588
Reserves	36(b)	**8,937,698**	8,700,518
Proposed final dividend	11	**148,202**	134,729
Total equity		**11,780,488**	11,529,835

Wu Gang
Director

Wang Haibo
Director

Notes to Financial Statements

31 December 2012

1. CORPORATE INFORMATION

Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") was established as a joint stock company with limited liability on 26 March 2001 in the People's Republic of China (the "PRC"). The Company's A shares have been listed on The Shenzhen Stock Exchange from 26 December 2007, and the Company's H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") from 8 October 2010. The registered office of the Company is located at 107 Shanghai Road, Economic & Technology Development District, Urumqi, Xinjiang, the PRC.

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

- Manufacture and sale of wind turbine generators and wind power components
- Development and operation of wind farms, consisting of wind power generation service provided by the Group's wind farms as well as the sale of wind farms, if appropriate
- Provision of wind power related consultancy, wind farm construction, maintenance and transportation services

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

2.1. BASIS OF PRESENTATION

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

2.1. BASIS OF PRESENTATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

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

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
IAS 12 Amendments	Amendment to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised IFRSs has had no significant financial effect on these financial statements.

The IAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. The Group's investment properties are measured at cost, the adoption of the amendments did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 9	*Financial Instruments*[4]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 *– Transition Guidance*[2]
IFRS 10, IFRS 12 and IFRS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS12 and IAS 27 (Revised) *– Investment Entities*[3]
IFRS 13	*Fair Value Measurement*[2]
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
IAS 19 Amendments	*Employee Benefits*[2]
IAS 27 (Revised)	*Separate Financial Statements*[2]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial liabilities*[3]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

The IFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Group expects to adopt the amendments from 1 January 2013.

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

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

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt IFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

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

IFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by IFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in IAS 27 and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in IAS 27 *Consolidated and Separate Financial Statements*, IAS 31 *Interests in Joint Ventures* and IAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In June 2012, the IASB issued amendments to IFRS 10, IFRS 11 and IFRS 12 which clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IAS 27 or SIC-12 at the beginning of the annual period in which IFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

The amendments to IFRS 10 issued in October 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (Revised). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in IFRS 10.

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

Consequential amendments were made to IAS 27 and IAS 28 as a result of the issuance of IFRS 10, IFRS 11 and IFRS 12. The Group expects to adopt IFRS 10, IFRS 11, IFRS 12, IAS 27 (Revised), IAS 28 (Revised), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. The Group expects to adopt IFRS 13 prospectively from 1 January 2013.

The IAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

IAS 19 Amendments include a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt IAS 19 Amendments from 1 January 2013.

The IAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to setoff” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

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

The Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012 sets out amendments to a number of IFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) IAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) IAS 32 *Financial Instruments: Presentation:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures

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

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

A joint venture is treated as:

(a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group/Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with IAS 39, if the Group/Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

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

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly-controlled entities (continued)

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in profit or loss and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's investments in jointly-controlled entities.

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

When an investment in a jointly-controlled entity is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

The Group's share of the post-acquisition results and reserves of associates is included in profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

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

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

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

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

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

(a) the party, is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

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

Patents, licences, self-developed technology know-how and office software

Purchased office software, licences, patents and self-developed technology know-how are stated at cost less any impairment losses and are amortised on the straight-line basis over the shorter of their estimated useful lives of 5 to 10 years and the relevant licence periods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Research and development costs

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

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

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

Operating leases

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under IAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss. The loss arising from impairment is recognised in finance costs in profit or loss.

Available-for-sale financial investments

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

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

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

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

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

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

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

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

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

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

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

Financial guarantee contracts

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

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

Cash and cash equivalents

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants (continued)

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

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

Revenue recognition

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

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

(b) from the sale of electricity, upon the transmission of electric power to electric power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies periodically;

(c) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(d) from the rendering of wind power services, when the agreed services are performed, provided over the term of the relevant agreement;

(e) rental income, on a time proportion basis over the lease terms;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contracts

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

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

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

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

Borrowing costs

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

Dividends

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments – Group as lessor

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

Classification between investment properties and owner-occupied properties

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

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

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

The carrying amount of property, plant and equipment as at 31 December 2012 was approximately RMB5,366,421,000 (31 December 2011: RMB4,579,887,000). More details are given in note 13.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2012 was approximately RMB310,848,000 (31 December 2011: RMB326,225,000). More details are given in note 16.

Current income tax

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

The carrying amount of tax payable as at 31 December 2012 was RMB57,817,000 (31 December 2011: RMB119,454,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Deferred income tax

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

The carrying amount of deferred tax assets as at 31 December 2012 was RMB516,365,000 (31 December 2011: RMB465,368,000). More details are given in note 22.

The carrying amount of deferred tax liabilities as at 31 December 2012 was RMB38,801,000 (31 December 2011: RMB44,413,000). More details are given in note 22.

Impairment of trade and bills receivables

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

The carrying amount of trade and bills receivables as at 31 December 2012 was RMB10,419,381,000 (31 December 2011: RMB10,299,392,000). More details are given in note 24.

Warranty provision

Provision for product warranties given by the Group for certain products are recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate. At 31 December 2012, the best estimate of the carrying amount of warranty provision was RMB1,355,146,000 (31 December 2011: RMB1,269,683,000). More details are given in note 33.

4. OPERATING SEGMENT INFORMATION

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

(a) The wind turbine generator manufacturing and sale segment engages in the research and development, manufacture and sale of wind turbine generators and wind power components;

(b) The wind power services segment provides wind power related consultancy, wind farm construction, maintenance and transportation services; and

(c) The wind farm development segment engages in the development of wind farms, which consists of wind power generation service provided by the Group's wind farms as well as the 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 before tax.

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

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2012

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	10,580,843	392,126	251,957	–	11,224,926
Intersegment sales	2,233,104	59,061	–	(2,292,165)	–
Total revenue	12,813,947	451,187	251,957	(2,292,165)	11,224,926
Segment results:	373,201	26,281	145,403	(35,053)	509,832
Interest income	134,562	944	6,257	(52,612)	89,151
Finance costs	(313,669)	(1,100)	(129,970)	52,612	(392,127)
Profit before tax	194,094	26,125	21,690	(35,053)	206,856
Segment assets	27,064,040	1,571,906	13,228,770	(9,468,218)	32,396,498
Segment liabilities	14,166,294	1,273,674	10,097,678	(6,426,773)	19,110,873
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	–	–	42,311	–	42,311
Associates	68,076	–	9,841	–	77,917
Depreciation and amortisation	150,863	3,763	90,130	(10,154)	234,602
Write-down of inventories to net realisable value	58,782	–	–	–	58,782
Impairment of trade and other receivables	151,811	13,282	–	–	165,093
Reversal of impairment of trade and other receivables	(116,138)	(414)	–	–	(116,552)
Product warranty provision	380,749	–	–	(7,229)	373,520
Investments in jointly-controlled entities	15,471	–	523,196	(53,569)	485,098
Investments in associates	237,062	3,200	123,803	–	364,065
Capital expenditure[1]	613,408	22,475	2,971,173	(346,611)	3,260,445

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2011

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	12,254,476	362,661	138,833	–	12,755,970
Intersegment sales	2,016,806	158,532	–	(2,175,338)	–
Total revenue	14,271,282	521,193	138,833	(2,175,338)	12,755,970
Segment results:	768,832	51,727	176,403	71,714	1,068,676
Interest income	50,204	696	2,812	–	53,712
Finance costs	(213,001)	(3,519)	(41,434)	–	(257,954)
Profit before tax	606,035	48,904	137,781	71,714	864,434
Segment assets	28,669,633	934,630	9,076,324	(6,250,401)	32,430,186
Segment liabilities	15,669,598	712,845	6,909,821	(4,130,587)	19,161,677
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	–	–	2,286	–	2,286
Associates	81,504	–	19,458	–	100,962
Depreciation and amortisation	158,068	2,888	41,506	(5,881)	196,581
Impairment of trade and other receivables	249,236	1,445	–	–	250,681
Reversal of impairment of trade and other receivables	(229,554)	(4,572)	–	–	(234,126)
Product warranty provision	570,572	–	–	(58,603)	511,969
Investments in jointly-controlled entities	15,182	–	507,902	(130,459)	392,625
Investments in associates	174,380	3,200	122,811	(47,253)	253,138
Capital expenditure[1]	631,330	5,031	3,298,529	(608,314)	3,326,576

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

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2012 RMB'000	2011 RMB'000
Mainland China	**9,926,322**	11,547,051
Overseas	**1,298,604**	1,208,919
	11,224,926	12,755,970

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2012 RMB'000	2011 RMB'000
Mainland China	**6,241,942**	4,464,991
United States of America	**271,465**	1,196,652
Germany	**532,333**	559,758
Australia	**142,496**	85,581
Others	**174,730**	212
	7,362,966	6,307,194

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

For the year ended 31 December 2012 and 31 December 2011, respectively, no revenue generated from any of the Group's customers individually accounted for 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, comprises the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contract; and the values of services rendered.

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

	Notes	2012 RMB'000	2011 RMB'000
Revenue			
Sale of wind turbine generators and wind power components		**10,580,843**	12,254,476
Wind power services		**392,126**	362,661
Wind power generation		**251,957**	138,833
		11,224,926	12,755,970
Other income			
Bank interest income		**89,151**	53,712
Dividend income from available-for-sale investments		**–**	1,522
Gross rental income		**5,150**	20,632
Government grants		**89,001**	165,706
Value-added tax refund		**5,351**	3,646
Insurance compensation on product warranty expenditures		**63,154**	46,854
Others		**32,856**	27,347
		284,663	319,419
Gains			
Gain on disposals and derecognition of subsidiaries, including wind farm project companies	38	**244,080**	386,920
Gain on disposals of investments in jointly-controlled entities		**43,865**	24,854
Gain on disposals of items of property, plant and equipment		**1,640**	1,293
Net fair value gain on derivative financial instruments – transactions not qualifying as hedges	31	**1,637**	31,262
Realised gain on derivative financial instruments		**–**	533
Others		**9,669**	5,869
		300,891	450,731
		585,554	770,150

6. PROFIT BEFORE TAX

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

	Notes	**2012 RMB'000**	2011 RMB'000
Cost of inventories sold		**9,183,514**	10,418,588
Depreciation (note (a)) provided for:			
Property, plant and equipment	13	**183,572**	135,289
Investment properties	14	**2,896**	2,896
		186,468	138,185
Amortisation of prepaid land lease payments	15	**3,204**	4,564
Amortisation of other intangible assets	17	**44,930**	53,832
		48,134	58,396
Impairment of trade and bills receivables	24	**165,093**	250,675
Reversal of impairment of trade and bills receivables	24	**(116,552)**	(233,868)
Impairment of prepayments, deposits and other receivable	25	**–**	6
Reversal of impairment of prepayments, deposits and other receivables	25	**–**	(258)
		48,541	16,555
Write-down of inventories to net realisable value		**58,782**	–
Loss on disposals of items of property, plant and equipment and other intangible assets, net		**67**	4,714
Minimum lease payments under operating leases of land and buildings		**23,101**	16,947
Auditors' remuneration		**5,802**	6,063
Employee benefit expenses (including directors', supervisors' and the chief executive's remuneration):			
Wages and salaries		**433,529**	362,204
Pension scheme contributions (defined contribution scheme) (note (b))		**38,085**	32,342
Welfare and other expenses		**82,765**	77,873
		554,379	472,419

6. PROFIT BEFORE TAX (continued)

	Notes	2012 RMB'000	2011 RMB'000
Research and development costs:			
Staff costs		**116,282**	75,913
Amortisation and depreciation		**8,061**	6,435
Materials expenditure and others		**110,299**	201,506
		234,642	283,854
Government grants (note (c))		**(89,001)**	(165,706)
Product warranty provision:	33		
Additional provision		**461,863**	521,729
Reversal of unutilised provision		**(88,343)**	(9,760)
		373,520	511,969
Insurance compensation on product warranty expenditures		**(63,154)**	(46,854)
Foreign exchange differences, net		**18,113**	11,021
Net fair value gain on derivate financial instruments – transactions not qualifying as hedges		**(1,637)**	(31,262)
Dividend income from available-for-sale investments		**–**	(1,522)
Bank interest income		**(89,151)**	(53,712)
Gain on disposals and derecognition of subsidiaries, including wind farm project companies	38	**(244,080)**	(386,920)
Gain on disposal of investments in jointly-controlled entities		**(43,865)**	(24,854)
Gain on disposals of items of property, plant and equipment		**(1,640)**	(1,293)
Realised gain on derivative financial instruments		**–**	(533)

Notes:

(a) Depreciation of approximately RMB123,854,000 is included in the cost of sales on the face of the consolidated statement of comprehensive income for the year ended 31 December 2012 (2011: RMB74,374,000).

(b) As at 31 December 2012, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (31 December 2011: Nil).

(c) Most of government grants have been received for setting up research activities. The government grants released have been deducted from the research and development costs to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

	2012 RMB'000	2011 RMB'000
Interest on bank loans and other borrowing wholly repayable:		
Within five years	**399,499**	299,980
Above five years	**65,958**	27,526
Interest on bills discounted	**7,347**	–
	472,804	327,506
Less: Interest capitalised (note 13)	**(80,677)**	(69,552)
	392,127	257,954

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors', supervisors' and the chief executive's remuneration

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

	2012 RMB'000	2011 RMB'000
Fees	**400**	357
Other emoluments:		
– Salaries, allowances and benefits in kind	**3,122**	4,882
– Performance related bonuses	**2,069**	127
– Pension scheme contributions (defined contribution scheme)	**115**	210
	5,706	5,576

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors', supervisors' and the chief executive's remuneration (continued)

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

Year ended 31 December 2012

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Wu Gang (Chief executive)	–	1,061	616	22	1,699
Wang Haibo**	–	915	741	33	1,689
Guo Jian*	–	365	200	4	569
	–	2,341	1,557	59	3,957
Non-executive directors					
Li Ying	–	–	–	–	–
Gao Zhong*	–	–	–	–	–
Hu Yang	–	–	–	–	–
Lv Houjun*	–	–	–	–	–
Ji Dongmei**	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Wang Yousan	–	–	–	–	–
Shi Pengfei	200	–	–	–	200
Tin Yau Kelvin Wong	200	–	–	–	200
	400	–	–	–	400
Supervisors					
Wang Mengqiu	–	–	–	–	–
Luo Jun	–	–	–	–	–
Wang Shiwei	–	–	–	–	–
Zheng Chengjiang*	–	111	–	9	120
Xiao Zhiping	–	469	300	33	802
Zhang Xiaotao**	–	201	212	14	427
	–	781	512	56	1,349
	400	3,122	2,069	115	5,706

* Guo Jian, Gao Zhong, Lv Houjun and Zheng Chengjiang resigned as an executive director, non-executive directors and a supervisor of the Company, respectively, with effect from 23 March 2012, 26 October 2012, 24 April 2012 and 9 August 2012.

** Wang Haibo, Ji Dongmei and Zhang Xiaotao were appointed as an executive director, a non-executive director and a supervisor of the Company, respectively, with effect from 21 June 2012, 21 June 2012 and 9 August 2012.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors', supervisors' and the chief executive's remuneration (continued)

Year ended 31 December 2011

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Wu Gang (Chief executive)	–	1,834	–	55	1,889
Guo Jian	–	1,856	–	64	1,920
Wei Hongliang*	–	505	53	40	598
	–	4,195	53	159	4,407
Non-executive directors					
Li Ying	–	–	–	–	–
Gao Zhong	–	–	–	–	–
Hu Yang**	–	–	–	–	–
Lv Houjun	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Wang Yousan	–	–	–	–	–
Shi Pengfei	185	–	–	–	185
Li Man Bun, Brian David*	85	–	–	–	85
Tin Yau Kelvin Wong**	87	–	–	–	87
	357	–	–	–	357
Supervisors					
Wang Mengqiu	–	–	–	–	–
Luo Jun	–	–	–	–	–
Wang Shiwei	–	–	–	–	–
Zheng Chengjiang	–	334	39	21	394
Xiao Zhiping	–	353	35	30	418
	–	687	74	51	812
	357	4,882	127	210	5,576

* Wei Hongliang and Li Man Bun, Brian David resigned as an executive director and an independent non-executive director of the Company, respectively, with effect from 15 July 2011 and 24 June 2011.

** Hu Yang and Tin Yau Kelvin Wong were appointed as a non-executive director and an independent non-executive director of the Company, respectively, with effect from 28 September 2011 and 25 June 2011.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid employees

An analysis of the headcount of the five highest paid employees within the Group for the year is as follows:

	2012	2011
Directors	**2**	2
Non-director, non-supervisor and non-chief executive employees	**3**	3
	5	5

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

	2012 RMB'000	2011 RMB'000
Salaries, allowances and benefits in kind	**4,371**	4,134
Performance related bonuses	**1,444**	1,198
Pension scheme contributions	**55**	73
	5,870	5,405

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

	2012	2011
HK$1,000,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$4,000,000	**1**	–
	3	3

During the year, no Directors, Supervisors, Chief executive or any of the non-director, non-supervisor and non-chief executive, highest paid individuals waived or agreed to waive any emoluments and no emoluments were paid by the Group to the Directors, Supervisors, Chief executive or any of the non-director, non-supervisor and non-chief executive highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. INCOME TAX EXPENSE

The Company has been identified as a "high and new technology enterprise" and was entitled to a preferential income tax at a rate of 15% for the three years ended 31 December 2014 in accordance with the PRC Corporate Income Tax Law.

The Company's certain subsidiaries in Mainland China, 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 important public infrastructure investment projects that were supported by the government and development projects in the western region of the PRC.

Except for certain preferential treatment available to certain subsidiaries of the Company and the Company as mentioned above, the entities within the Group in Mainland China were subject to corporate income tax at a rate of 25%.

Profits tax for Hong Kong has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

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

	2012 **RMB'000**	2011 RMB'000
Current		
– Hong Kong	**6,331**	10,181
– Mainland China	**83,968**	86,413
– Elsewhere	**14,674**	140,794
	104,973	237,388
Deferred (note 22)	**(63,586)**	(90,940)
Tax charge for the year	**41,387**	146,448

9. INCOME TAX EXPENSE (continued)

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

	2012 RMB'000	2011 RMB'000
Profit before tax	**206,856**	864,434
Income tax charge at the statutory income tax rate of 25%	**51,714**	216,109
Effect of different income tax rates for overseas entities	**(2,058)**	13,236
Effect of different income tax rates for domestic entities	**8,741**	(24,291)
Effect on opening deferred tax due to increase in rates	**(2,253)**	–
Tax losses not recognised	**34,986**	29,023
Income not subject to tax	**–**	(380)
Expenses not deductible for tax purposes	**16,427**	10,192
Additional tax deduction for research and development expenditure	**(33,189)**	(50,289)
Profits and losses attributable to jointly-controlled entities	**(10,578)**	(571)
Profits and losses attributable to associates	**(19,479)**	(25,241)
Others	**(2,924)**	(21,340)
Tax charge for the year at the effective rate	**41,387**	146,448

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2012 includes a profit of approximately RMB374,816,000 (2011: RMB142,078,000), which has been dealt with in the financial statements of the Company (note 36(b)).

11. DIVIDENDS

	2012 RMB'000	2011 RMB'000
Proposed final dividend of RMB0.055 (2011: RMB0.05) per ordinary share	**148,202**	134,729

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

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

The calculation of the basic earnings per share amounts for the year is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,694,588,000 (2011: 2,694,588,000) in issue during the year.

	2012 RMB'000	2011 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**153,054**	606,707

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,694,588,000**	2,694,588,000

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

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Year ended 31 December 2012					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2012	973,195	1,151,146	55,657	167,846	2,515,434	4,863,278
Additions	56,972	12,759	14,064	30,746	2,664,617	2,779,158
Acquisition of a subsidiary (note 37)	–	–	760	54	5,666	6,480
Disposals	(44,637)	(6,957)	(14,616)	(14,955)	–	(81,165)
Disposals of subsidiaries (note 38)	(302,706)	(186,905)	(4,399)	(28,795)	(214,555)	(737, 360)
Transfers	122,565	1,774,492	6,440	27,001	(1,930,498)	–
Transferred to assets of a disposal group classified as held for sale (note 28)	–	(1,152,224)	–	–	–	(1,152,224)
Exchange realignment	1,919	1,622	122	746	(1,636)	2,773
At 31 December 2012	807,308	1,593,933	58,028	182,643	3,039,028	5,680,940
Accumulated depreciation and impairment:						
At 1 January 2012	(60,739)	(150,925)	(12,032)	(59,695)	–	(283,391)
Depreciation charge for the year (note 6)	(24,031)	(116,063)	(6,908)	(36,570)	–	(183,572)
Acquisition of a subsidiary (note 37)	–	–	(60)	(22)	–	(82)
Disposals	2,903	579	3,106	4,290	–	10,878
Disposals of subsidiaries (note 38)	29,368	72,377	2,237	11,485	–	115,467
Transferred to assets of a disposal group classified as held for sale (note 28)	–	26,801	–	–	–	26,801
Exchange realignment	(74)	(220)	(41)	(285)	–	(620)
At 31 December 2012	(52,573)	(167,451)	(13,698)	(80,797)	–	(314,519)
Net carrying amount:						
At 31 December 2012	754,735	1,426,482	44,330	101,846	3,039,028	5,366,421
At 1 January 2012	912,456	1,000,221	43,625	108,151	2,515,434	4,579,887

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Year ended 31 December 2011					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2011	661,988	1,064,711	45,134	112,520	2,080,243	3,964,596
Additions	10,976	71,032	19,588	60,949	2,803,446	2,965,991
Acquisitions of subsidiaries (note 37)	–	33,797	–	1,162	11,842	46,801
Disposals	(17)	(4,890)	(4,858)	(4,077)	–	(13,842)
Disposals and derecognition of subsidiaries (note 38)	–	(1,338,223)	(3,485)	(726)	(306,378)	(1,648,812)
Transfers	306,861	1,334,602	–	842	(1,642,305)	–
Transferred to assets of a disposal group classified as held for sale (note 28)	–	–	(380)	(65)	(431,470)	(431,915)
Exchange realignment	(6,613)	(9,883)	(342)	(2,759)	56	(19,541)
At 31 December 2011	973,195	1,151,146	55,657	167,846	2,515,434	4,863,278
Accumulated depreciation and impairment:						
At 1 January 2011	(39,722)	(99,528)	(7,585)	(34,994)	–	(181,829)
Depreciation charge for the year (note 6)	(21,926)	(81,031)	(6,302)	(26,030)	–	(135,289)
Acquisitions of subsidiaries (note 37)	–	(5,471)	–	(171)	–	(5,642)
Disposals	18	676	1,117	549	–	2,360
Disposals and derecognition of subsidiaries (note 38)	–	32,706	538	222	–	33,466
Transferred to assets of a disposal group classified as held for sale (note 28)	–	–	43	7	–	50
Exchange realignment	891	1,723	157	722	–	3,493
At 31 December 2011	(60,739)	(150,925)	(12,032)	(59,695)	–	(283,391)
Net carrying amount:						
At 31 December 2011	912,456	1,000,221	43,625	108,151	2,515,434	4,579,887
At 1 January 2011	622,266	965,183	37,549	77,526	2,080,243	3,782,767

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Year ended 31 December 2012					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2012	92,919	156,573	8,713	28,312	209	286,726
Additions	–	2,128	2,700	4,136	7,357	16,321
Disposals	–	–	(2,049)	(439)	–	(2,488)
Transfers	–	26	324	267	(617)	–
At 31 December 2012	92,919	158,727	9,688	32,276	6,949	300,559
Accumulated depreciation:						
At 1 January 2012	(10,877)	(53,025)	(2,871)	(14,464)	–	(81,237)
Depreciation charge for the year	(2,552)	(18,374)	(1,258)	(4,191)	–	(26,375)
Disposals	–	–	803	345	–	1,148
At 31 December 2012	(13,429)	(71,399)	(3,326)	(18,310)	–	(106,464)
Net carrying amount:						
At 31 December 2012	79,490	87,328	6,362	13,966	6,949	194,095
At 1 January 2012	82,042	103,548	5,842	13,848	209	205,489

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Year ended 31 December 2011					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2011	91,082	144,915	6,311	21,894	228	264,430
Additions	1,837	10,221	2,402	6,434	1,591	22,485
Disposals	–	(173)	–	(16)	–	(189)
Transfers	–	1,610	–	–	(1,610)	–
At 31 December 2011	92,919	156,573	8,713	28,312	209	286,726
Accumulated depreciation:						
At 1 January 2011	(8,365)	(36,614)	(2,054)	(10,573)	–	(57,606)
Depreciation charge for the year	(2,512)	(16,512)	(817)	(3,904)	–	(23,745)
Disposals	–	101	–	13	–	114
At 31 December 2011	(10,877)	(53,025)	(2,871)	(14,464)	–	(81,237)
Net carrying amount:						
At 31 December 2011	82,042	103,548	5,842	13,848	209	205,489
At 1 January 2011	82,717	108,301	4,257	11,321	228	206,824

The carrying amounts of construction in progress of the Group included capitalised interest of approximately RMB80,677,000 (2011: RMB69,552,000) charged for the year 2012 prior to being transferred to buildings, machinery and equipment (note 7).

As at 31 December 2012, 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 RMB64,973,000 (31 December 2011: RMB14,031,000). The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter does not have any significant impact on the Group's financial position as at 31 December 2012.

As at 31 December 2012, certain of the Group's property, plant and equipment with a carrying value of approximately RMB2,622,966,000 (31 December 2011: RMB1,543,181,000) were pledged to secure certain of the Group's bank loans (note 32).

14. INVESTMENT PROPERTIES

Group

	2012 **RMB'000**	2011 RMB'000
Cost:		
At beginning and end of the year	**97,997**	97,997
Accumulated depreciation:		
At beginning of the year	**(12,716)**	(9,820)
Depreciation charge for the year (note 6)	**(2,896)**	(2,896)
At end of the year	**(15,612)**	(12,716)
Net carrying amount:		
At end of the year	**82,385**	85,281
At beginning of the year	**85,281**	88,177

Company

	2012 **RMB'000**	2011 RMB'000
Cost:		
At beginning and end of the year	**82,041**	82,041
Accumulated depreciation:		
At beginning of the year	**(8,548)**	(6,411)
Depreciation charge for the year	**(2,138)**	(2,137)
At end of the year	**(10,686)**	(8,548)
Net carrying amount:		
At end of the year	**71,355**	73,493
At beginning of the year	**73,493**	75,630

The Group's investment properties were valued on 31 December 2012 by Jones Lang LaSalle Sallmanns, an independent professionally qualified valuer, at approximately RMB186,962,000 (31 December 2011: RMB180,710,000), on an open market, existing use basis.

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

15. PREPAID LAND LEASE PAYMENTS

Group

	2012 RMB'000	2011 RMB'000
Carrying amount at beginning of the year	**214,788**	260,413
Additions	**12,694**	11,190
Acquisition of a subsidiary (note 37)	**–**	2,269
Disposals	**(12,168)**	(43,973)
Disposals and derecognition of subsidiaries (note 38)	**(103,708)**	(10,547)
Amortisation for the year (note 6)	**(3,204)**	(4,564)
Carrying amount at end of the year	**108,402**	214,788

Company

	2012 RMB'000	2011 RMB'000
Carrying amount at beginning of the year	**22,991**	43,808
Disposals	**–**	(20,085)
Amortisation for the year	**(558)**	(732)
Carrying amount at end of the year	**22,433**	22,991

As at 31 December 2012, certain of the Group's land use rights with a carrying value of approximately RMB13,335,000 (31 December 2011: RMB15,244,000) were pledged to secure certain of the Group's bank loans (note 32).

16. GOODWILL

Group

	2012 RMB'000	2011 RMB'000
Cost and carrying amount at beginning of the year	**326,225**	256,823
Acquisition of a subsidiary (note 37)	**11,998**	84,589
Disposal of subsidiaries (note 38)	**(30,731)**	(470)
Transferred to assets of a disposal group classified as held for sale (note 28)	**(310)**	–
Exchange realignment	**3,666**	(14,717)
Cost and carrying amount at end of the year	**310,848**	326,225

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

The recoverable amount of the wind turbine generator manufacturing and sale cash-generating unit has been determined based on a value in use calculation using cash flow projections based on a financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.17% (2011: 10.57%).

Assumptions were used in the value in use calculation of the wind turbine generator manufacturing and sale cash-generating unit for 31 December 2012 and 2011. 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 are the average gross margin achieved in the year immediately before the budget year 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 the key assumptions on market development of the wind turbine generation manufacturing and sales and discount rate are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

Group

	Year ended 31 December 2012				
	Technology licence RMB'000	Office software RMB'000	Patents and Technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2012	16,726	36,879	290,168	180,666	524,439
Additions	–	5,685	–	87,495	93,180
Acquisition of a subsidiary (note 37)	–	14	–	–	14
Disposals	–	(2,895)	–	(5,263)	(8,158)
Disposals of subsidiaries (note 38)	–	(1,082)	–	(3,420)	(4,502)
Exchange realignment	–	188	5,433	–	5,621
At 31 December 2012	16,726	38,789	295,601	259,478	610,594
Accumulated amortisation:					
At 1 January 2012	(5,013)	(11,332)	(118,176)	–	(134,521)
Amortisation for the year (note 6)	(1,927)	(5,180)	(37,823)	–	(44,930)
Acquisitions of subsidiaries (note 37)	–	(9)	–	–	(9)
Disposals	–	289	–	–	289
Disposals of subsidiaries (note 38)	–	365	–	–	365
Exchange realignment	–	(29)	(3,023)	–	(3,052)
At 31 December 2012	(6,940)	(15,896)	(159,022)	–	(181,858)
Net carrying amount:					
At 31 December 2012	9,786	22,893	136,579	259,478	428,736
At 1 January 2012	11,713	25,547	171,992	180,666	389,918

17. OTHER INTANGIBLE ASSETS (continued)

Group

	Year ended 31 December 2011				
	Technology licence RMB'000	Office software RMB'000	Patents and Technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2011	8,165	26,821	298,804	105,952	439,742
Additions	8,561	10,518	9	74,714	93,802
Acquisitions of subsidiaries (note 37)	–	–	15,328	–	15,328
Disposals	–	(127)	–	–	(127)
Exchange realignment	–	(333)	(23,973)	–	(24,306)
At 31 December 2011	16,726	36,879	290,168	180,666	524,439
Accumulated amortisation:					
At 1 January 2011	(3,467)	(7,371)	(75,665)	–	(86,503)
Amortisations for the year (note 6)	(1,546)	(4,277)	(48,009)	–	(53,832)
Disposals	–	75	–	–	75
Exchange realignment	–	241	5,498	–	5,739
At 31 December 2011	(5,013)	(11,332)	(118,176)	–	(134,521)
Net carrying amount:					
At 31 December 2011	11,713	25,547	171,992	180,666	389,918
At 1 January 2011	4,698	19,450	223,139	105,952	353,239

17. OTHER INTANGIBLE ASSETS (continued)

Company

	Year ended 31 December 2012				
	Technology licence RMB'000	Office software RMB'000	Patents and Technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2012	16,726	23,157	4,220	34,493	78,596
Additions	–	2,292	–	57,076	59,368
At 31 December 2012	16,726	25,449	4,220	91,569	137,964
Accumulated amortisation:					
At 1 January 2012	(5,015)	(6,516)	(984)	–	(12,515)
Amortisation for the year	(1,925)	(2,763)	(492)	–	(5,180)
At 31 December 2012	(6,940)	(9,279)	(1,476)	–	(17,695)
Net carrying amount:					
At 31 December 2012	9,786	16,170	2,744	91,569	120,269
At 1 January 2012	11,711	16,641	3,236	34,493	66,081

	Year ended 31 December 2011				
	Technology licence RMB'000	Office software RMB'000	Patents and Technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2011	8,165	16,803	4,220	26,918	56,106
Additions	8,561	6,354	–	7,575	22,490
At 31 December 2011	16,726	23,157	4,220	34,493	78,596
Accumulated amortisation:					
At 1 January 2011	(3,469)	(4,452)	(492)	–	(8,413)
Amortisation for the year	(1,546)	(2,064)	(492)	–	(4,102)
At 31 December 2011	(5,015)	(6,516)	(984)	–	(12,515)
Net carrying amount:					
At 31 December 2011	11,711	16,641	3,236	34,493	66,081
At 1 January 2011	4,696	12,351	3,728	26,918	47,693

18. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Unlisted investments, at cost	**6,181,831**	5,565,109

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB5,486,414,000 (31 December 2011: RMB2,833,940,000) and RMB2,821,767,000 (31 December 2011: RMB2,533,643,000), respectively, are unsecured, non-interest-bearing and are repayable on demand or within one year, except for the amount due from Beijing Tianrun of RMB1,165,620,000 (31 December 2011: Nil), which is unsecured and repayable in one year with the effective interest rates from 5.58% to 6.56%.

Particulars of the principal subsidiaries of the Company are as follows:

Company name*	Place and date of incorporation/place of operations**	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd. (北京金風科創風電設備有限公司)	The PRC/ Mainland China 13 February 2006	RMB990,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Goldwind Windenergy GmbH ("Goldwind Windenergy")	Germany 18 May 2006	EUR350,000	100	–	Investment holding
Vensys Energy AG	Germany 14 February 2000	EUR5,000,000	–	70	Provision of technical services and manufacture and sale of wind power equipment and accessories
Vensys Elektrotechnik GmbH	Germany 13 November 1998	EUR100,000	–	63	Provision of technical services and manufacture and sale of wind power equipment and accessories
Beijing Tianrun New Energy Investment Co., Ltd. ("Beijing Tianrun") (北京天潤新能投資有限公司)	The PRC/ Mainland China 11 April 2007	RMB481,600,000	100	–	Investment holding
Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd. (北京天源科創風電技術有限責任公司)	The PRC/ Mainland China 29 September 2005	RMB45,000,000	100	–	Provision of wind farm construction and technical services and sale of wind power accessories
Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd. (甘肅金風風電設備製造有限公司)	The PRC/ Mainland China 26 March 2008	RMB88,600,000	100	–	Manufacture and sale of wind power equipment and accessories
Beijing Techwin Electric Co., Ltd. (北京天誠同創電氣有限公司)	The PRC/ Mainland China 16 December 2008	RMB100,000,000	100	–	Manufacture and sale of wind power equipment and accessories

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company are as follows: (continued)

Company name*	Note	Place and date of incorporation/place of operations**	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Urumchi Goldwind Tianyi Wind Power Co., Ltd. (烏魯木齊金風天翼風電有限公司)		The PRC/ Mainland China 27 October 2009	RMB426,060,126	100	–	Construction and operation of wind farms
Beijing Goldwind Tiantong Import and Export Trading Co., Ltd. (北京金風天通進出口貿易有限公司)		The PRC/ Mainland China 30 November 2009	RMB3,000,000	100	–	Machinery and technology trader
Jiangsu Goldwind Wind Power Equipment Manufacture Co., Ltd. (江蘇金風風電設備製造有限公司)		The PRC/ Mainland China 13 November 2009	RMB759,610,000	100	–	Manufacture and sale of wind power equipment and accessories
Hami Tianrun New Energy Co., Ltd. (哈密天潤新能源有限公司)		The PRC/ Mainland China 12 November 2008	RMB6,000,000	–	100	Construction and operation of wind power and solar power generation projects
Tacheng Tianrun New Energy Co., Ltd. (塔城天潤新能源有限公司)		The PRC/ Mainland China 2 March 2009	RMB67,000,000	–	100	Construction and operation of wind power and solar power generation projects
TianRun USA, Inc.		United States of America 10 June 2009	US$1,500,000	–	100	Investment holding
TianRun Shady Oaks, LLC ("TianRun Shady Oaks")		United States of America 23 September 2010	–	–	100	Construction and operation of wind farms
GSG6, LLC ("GSG6")		United States of America 24 June 2005	–	–	100	Construction and operation of wind farms
TianRun Australia Pty. Ltd.		Australia 4 March 2010	AUD19,120,000	–	100	Investment holding and provision of wind farm technical services and maintenance services
Tongyu Fuhui Wind Energy Co., Ltd. ("Tongyu Fuhui") (通榆富匯風能有限公司)	(i)	The PRC/ Mainland China 15 July 2009	RMB200,000,000	–	51	Construction and operation of wind farms
Inner Mongolia Jieyuan Wind Energy Electricity Co., Ltd. ("Inner Mongolia Jieyuan") (內蒙古潔源風能發電有限責任公司)		The PRC/ Mainland China 16 October 2007	RMB88,100,000	–	84	Construction and operation of wind farms
Jinzhou Quanyi New Energy Wind Power Co., Ltd. ("Jinzhou Quanyi") (錦州市全一新能源風能有限責任公司)		The PRC/ Mainland China 11 June 2007	RMB55,060,000	–	51	Construction and operation of wind farms

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18. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company are as follows: (continued)

Company name*	Place and date of incorporation/place of operations**	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Goldwind Investment Holding Co., Ltd. ("Goldwind Investment") (金風投資控股有限公司)	The PRC/ Mainland China 2 August 2010	RMB1,000,000,000	100	–	Investment holding
Goldwind New Energy (HK) Investment Limited	The PRC/ Hong Kong 22 September 2010	HK$1,000,000	100	–	Investment holding
Goldwind International Holdings (HK) Limited	The PRC/ Hong Kong 6 October 2010	HK$20,000,000	100	–	Machinery and technology trader
Pinglu Tianrun Wind Power Co., Ltd. (平陸天潤風電有限公司)	The PRC/ Mainland China 29 June 2010	RMB30,000,000	–	90	Construction and operation of wind farms
Shuozhou Pinglu Tianrui Wind Power Co., Ltd. (朔州市平魯區天瑞風電有限公司)	The PRC/ Mainland China 13 August 2010	RMB36,250,000	–	90	Construction and operation of wind farms
Zhongning Tianrun Wind Power Co., Ltd. (中寧天潤風電有限公司)	The PRC/ Mainland China 11 November 2011	RMB2,750,000	–	100	Construction and operation of wind farms
Keyou Zhongqi Tianyou New Energy Co., Ltd. (科右中旗天佑新能源有限公司)	The PRC/ Mainland China 9 October 2011	RMB75,000,000	–	85	Construction and operation of wind farms

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

** All companies incorporated in the PRC were incorporated with Limited Liability.

(i) One of the Company's subsidiaries, Beijing Tianrun owned more than half of the equity interests in Tongyu Fuhui, but the voting power attached to the equity interest did not allow the Company to have the power to govern the financial and operating activities of Tongyu Fuhui according to the article of association of Tongyu Fuhui. Beijing Tianrun had signed the voting right agreement with the other equity owner of Tongyu Fuhui, whereby such equity owner has agreed to vote unanimously with Beijing Tianrun regarding the financial and operating activities of Tongyu Fuhui. Such equity owner has also confirmed that the unanimous voting with Beijing Tianrun existed since Tongyu Fuhui was incorporated. The PRC lawyer of the Company confirmed that the voting right agreement is valid under the relevant PRC laws. Considering the above-mentioned factors, the Directors are of the opinion that Beijing Tianrun controlled Tongyu Fuhui during the period from the date of its establishment by the Group to 31 December 2012. Therefore, the financial statement of Tongyu Fuhui is consolidated by the Company during the period from the date of its establishment by the Group to 31 December 2012.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group as at 31 December 2012. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

Group

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Share of net assets	**469,675**	377,489
Goodwill on acquisition	**15,423**	15,136
	485,098	392,625

The Group's balance of trade receivables, prepayments, deposits and other receivables and other payables with the jointly-controlled entities are disclosed in notes 24, 25 and 30 to the financial statements, respectively.

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

Company name*	Place and date of incorporation/place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company: Direct	Indirect	Principal activities
Jilin Tongli Wind Power Co., Ltd. (吉林同力風力發電有限公司)	The PRC/ Mainland China 1 June 2006	RMB156,000,000	–	51	Construction and operation of wind farms
Shanghai Yicheng Electric Power Engineering Co., Ltd. (上海頤成電力工程有限公司)	The PRC/ Mainland China 18 May 2009	RMB5,000,000	–	51	Construction and operation of wind farms and other industrial architecture
Damao Qi Tianrun Wind Power Co., Ltd. ("Damao Qi Tianrun") (達茂旗天潤風電有限公司)	The PRC/ Mainland China 26 July 2007	RMB101,510,000	–	51	Construction and operation of wind farms
Shanxi Yulong Group Youyu Niuxinpu Wind Power Co., Ltd. ("Shanxi Youyu") (山西玉龍集團右玉牛心堡風力發電有限公司)	The PRC/ Mainland China 25 November 2008	RMB77,500,000	–	51	Construction and operation of wind farms
Yantai Longjun Wind Power Development Co., Ltd. (煙台龍俊風能開發有限公司)	The PRC/ Mainland China 14 January 2011	RMB80,000,000	–	51	Construction and operation of wind farms
Qingdao Runlai Wind Power Co., Ltd. ("Qingdao Runlai") (青島潤萊風力發電有限公司)	The PRC/ Mainland China 28 December 2010	RMB78,000,000	–	50	Construction and operation of wind farms

continued/...

19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

Particulars of the jointly-controlled entities of the Group are as follows: (continued)

Company name*	Note	Place and date of incorporation/place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Shuozhou Pinglu Tianhui Wind Power Co., Ltd. ("Pinglu Tianhui") (朔州市平魯區天匯風電有限公司)	(i)	The PRC/ Mainland China 30 October 2009	RMB22,500,000	–	51	Construction and operation of wind farms
Håb Vindkraft 9 AB		Sweden 9 November 2009	SEK100,000	–	50	Construction and operation of wind farms
Volker Leonhard Notar ReNeCt GmbH		Saarbrucken 14 August 2012	EUR50,000	–	50	Construction and operation of wind farms

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

(i) On 31 March 2012, Beijing Tianrun disposed of its 49% equity interest in Pinglu Tianhui, a wholly-owned subsidiary of Beijing Tianrun, to Ping An Trust and Investment Company Limited ("Ping An Trust") (平安信託有限責任公司), an independent third party. Therefore, from the date of disposal onward, Pinglu Tianhui has been accounted for as a jointly-controlled entity of the Group.

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

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**367,430**	186,445
Non-current assets	**1,703,937**	1,599,787
Current liabilities	**(246,085)**	(499,495)
Non-current liabilities	**(1,355,607)**	(909,248)
Net assets	**469,675**	377,489

19. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

	2012 RMB'000	2011 RMB'000
Share of the jointly-controlled entities' results:		
Revenue	**182,364**	67,093
Cost of sales	**(77,718)**	(34,772)
Total expenses	**(60,557)**	(28,159)
Tax	**(1,778)**	(1,876)
Profit after tax	**42,311**	2,286

20. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Share of net assets	**364,065**	253,138

The Group's balances of trade receivables, prepayments, deposits and other receivables, trade payables and other payables with the associates are disclosed in notes 24, 25, 29 and 30 to the financial statements, respectively.

Company

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Unlisted investments, at cost	**54,000**	–

20. INVESTMENTS IN ASSOCIATES (continued)

Particulars of the associates of the Group are as follows:

Company name*	Notes	Place and date of incorporation/place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity interest attributable to the Company: Direct	Indirect	Principal activities
Hebei Goldwind Electric Equipment Co., Ltd. (河北金風電控設備有限公司)		The PRC/ Mainland China 7 September 2004	RMB26,000,000	–	27.22	Manufacture and sale of wind power equipment and accessories
Jiangxi Jinli Mag Rare-Earth Co., Ltd. (江西金力永磁科技有限公司)		The PRC/ Mainland China 19 August 2008	RMB111,110,000	–	30.60	Manufacture and sale of Nd-Fe-B magnet, and permanent-magnet wind power equipment and accessories
Buerjin Tianrun Wind Power Co., Ltd. ("Buerjin Tianrun") (布爾津縣天潤風電有限公司)		The PRC/ Mainland China 21 September 2007	RMB57,500,000	–	40	Construction and operation of wind farms
Guazhou Tianrun Wind Power Co., Ltd. ("Guazhou Tianrun") (瓜州天潤風電有限公司)		The PRC/ Mainland China 6 March 2009	RMB98,100,000	–	40	Construction and operation of wind farms
Sanhe Yanjiao On Off Electric Co., Ltd. (三河燕郊歐伏電氣有限公司)		The PRC/ Mainland China 31 October 2007	RMB79,491,256	–	26.50	Manufacture and sale of wind power equipment and accessories
Ningxia Jiayuan New Energy Co., Ltd. (寧夏嘉原新能源有限公司)		The PRC/ Mainland China 11 October 2011	RMB8,000,000	–	40	Wind power technology development
Ningxia Jinze Agricultural Industry Fund (寧夏金澤農業產業惠農基金)		The PRC/ Mainland China 28 November 2011	–	–	45	Financing service
Xinjiang Hami Guangheng New Energy Co., Ltd. (新疆哈密廣恒新能源有限公司)		The PRC/ Mainland China 22 Feburary 2011	RMB90,000,000	–	22	Wind power technology development
Inner Mongolia CSR Electric Co., Ltd. ("Inner Mongolia CSR") (內蒙古南車電機有限公司)	(i)	The PRC/ Mainland China 28 April 2006	RMB150,000,000	20	–	Manufacture and sale of wind power equipment and accessories
Xi'an Yongdian Goldwind Science & Technology Co., Ltd. ("Xi'an Yongdian") (西安永電金風科技有限公司)	(ii)	The PRC/ Mainland China 8 May 2008	RMB60,000,000	20	–	Manufacture and sale of wind power equipment and accessories

20. INVESTMENTS IN ASSOCIATES (continued)

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

(i) On 31 August 2012, the Company entered into an agreement with an independent third party to dispose of its 80% equity interest in Inner Mongolia Goldwind Science & Technology Co., Ltd. ("Inner Mongolia Goldwind") (內蒙古金風科技有限公司), a wholly-owned subsidiary of the Company to that third party. According to the agreement, the Company's equity interest in Inner Mongolia Goldwind decreased to 20% from 100% and the Company lost control of Inner Mongolia Goldwind since then. Therefore, from the date of disposal onward, Inner Mongolia Goldwind has been accounted for as an associate of the Group. Inner Mongolia Goldwind was renamed as Inner Mongolia CSR subsequently.

(ii) On 31 October 2012, the Company entered into an agreement with an independent third party to dispose of its 80% equity interest in Xi'an Goldwind Science & Technology Co., Ltd. ("Xi'an Goldwind") (西安金風科技有限公司), a wholly-owned subsidiary of Company to that third party. According to the agreement, the Company's equity interest in Xi'an Goldwind decreased to 20% from 100% and the Company lost control of Xi'an Goldwind since then. Therefore, from the date of disposal onward, Xi'an Goldwind has been accounted for as an associate of the Group. Xi'an Goldwind was renamed as Xi'an Yongdian subsequently.

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

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
The associates' financial position:		
Current assets	**1,587,479**	864,341
Non-current assets	**1,134,128**	875,962
Current liabilities	**(982,606)**	(408,026)
Non-current liabilities	**(515,393)**	(585,332)
Net assets	**1,223,608**	746,945

	2012 **RMB'000**	2011 RMB'000
The associates' operating results:		
Revenue	**2,616,935**	1,273,464
Profit	**241,552**	328,723

20. INVESTMENTS IN ASSOCIATES (continued)

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

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
The associates' financial position:		
Current assets	**643,505**	–
Non-current assets	**149,831**	–
Current liabilities	**(491,150)**	–
Non-current liabilities	**(17,568)**	–
Net assets	**284,618**	–

	2012	2011
	RMB'000	RMB'000
The associates' operating results:		
Revenue	**1,393,591**	–
Profit	**26,292**	–

21. AVAILABLE-FOR-SALE INVESTMENTS

Group

		As at 31 December	
		2012	2011
		RMB'000	RMB'000
Listed equity investment, at fair value:			
– Hong Kong	(i)	**188,612**	192,750
Unlisted equity investments, at cost	(ii)	**355,634**	64,894
		544,246	257,644

(i) During the year, the gross loss in respect of the listed equity investment recognised in other comprehensive income amounted to RMB4,096,000 (2011: RMB1,135,000).

(ii) The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at 31 December 2012 because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

22. DEFERRED TAX

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

Group

2012

Deferred tax assets

	Provision for impairment of assets RMB'000	Tax losses RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Unrealised gains arising from intra-group sales RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012	59,313	–	237,377	4,625	160,383	3,670	465,368
Deferred tax credited to profit or loss (note 9)	17,634	5,550	24,283	2,252	5,923	1,284	56,926
Deferred tax assets at 31 December 2012	76,947	5,550	261,660	6,877	166,306	4,954	522,294

The following is an analysis of the deferred tax assets of the Group for financial reporting purposes:

Deferred tax assets recognised in the consolidated statement of financial position	522,294
Deferred tax assets included in the disposal group (note 38)	(5,929)
	516,365

Deferred tax liabilities

	Excess of fair values of identifiable assets and liabilities over carrying values in the acquisition of a subsidiary RMB'000	Fair value gains in respect of available-for-sale investments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012	43,886	187	340	44,413
Deferred tax credited to profit or loss (note 9)	(6,320)	–	(340)	(6,660)
Deferred tax credited to other comprehensive income	–	(187)	–	(187)
Exchange differences	1,235	–	–	1,235
Deferred tax liabilities at 31 December 2012	38,801	–	–	38,801

22. DEFERRED TAX (continued)

Group

2011

Deferred tax assets

	Provision for impairment of assets RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Unrealise gains arising from intra-group sales RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	57,378	195,723	4,051	132,927	9,090	399,169
Deferred tax credited/(charged) to profit or loss (note 9)	1,935	41,654	574	27,456	(5,420)	66,199
Deferred tax assets at 31 December 2011	59,313	237,377	4,625	160,383	3,670	465,368

Deferred tax liabilities

	Excess of fair values of identifiable assets and liabilities over carrying values in the acquisition of a subsidiary RMB'000	Fair value gains in respect of available-for-sale investments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	56,566	–	12,401	68,967
Deferred tax credited to profit or loss (note 9)	(12,680)	–	(12,061)	(24,741)
Deferred tax charged to other comprehensive income	–	187	–	187
Deferred tax liabilities at 31 December 2011	43,886	187	340	44,413

22. DEFERRED TAX (continued)

Company

2012

Deferred tax assets

	Provision for impairment of assets RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012	48,662	184,247	1,727	5,038	239,674
Deferred tax credited/(charged) to profit or loss	9,832	9,152	(1,094)	1,168	19,058
Deferred tax assets at 31 December 2012	58,494	193,399	633	6,206	258,732

Deferred tax liabilities

	Others RMB'000
At 1 January 2012	82
Deferred tax credited to profit or loss	(82)
Deferred tax liabilities at 31 December 2012	–

22. DEFERRED TAX (continued)

Company

2011

Deferred tax assets

	Provision for impairment of assets RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	54,522	145,176	1,727	4,639	206,064
Deferred tax credited/(charged) to profit or loss	(5,860)	39,071	–	399	33,610
Deferred tax assets at 31 December 2011	48,662	184,247	1,727	5,038	239,674

Deferred tax liabilities

	Others RMB'000
At 1 January 2011	–
Deferred tax charged to profit or loss	82
Deferred tax liabilities at 31 December 2011	82

The Group has tax losses arising in Mainland China of RMB70,675,000 (2011: RMB82,472,000) that will expire in one to five years for offsetting against future taxable profits. The Group also has tax losses arising in Australia, United States and Hong Kong of RMB21,226,000 (2011: RMB21,076,000), RMB21,599,000 (2011: RMB10,063,000) and RMB39,632,000 (2011: RMB2,186,000), respectively.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

23. INVENTORIES

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Raw materials	**2,432,917**	3,047,424
Work in progress	**464,660**	1,024,936
Finished and semi-finished goods	**547,860**	972,304
Consigned processing materials	**15,461**	25,106
Low-value consumables and others	**50,728**	78,465
	3,511,626	5,148,235

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Raw materials	**1,344,848**	1,644,782
Work in progress	**353,665**	717,005
Finished and semi-finished goods	**149,429**	398,634
Consigned processing materials	**–**	1,010
Low-value consumables and others	**300**	17,639
	1,848,242	2,779,070

24. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Trade receivables	**9,142,495**	9,551,962
Bills receivable	**455,696**	95,735
Retention money receivables	**1,258,129**	1,043,248
Provision for impairment	**(436,939)**	(391,553)
	10,419,381	10,299,392
Portion classified as non-current assets	**(304,747)**	–
Current portion	**10,114,634**	10,299,392

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Trade receivables	**7,484,599**	7,941,753
Bills receivable	**306,850**	77,094
Retention money receivables	**1,051,093**	971,616
Provision for impairment	**(340,109)**	(316,483)
	8,502,433	8,673,980
Portion classified as non-current assets	**(201,137)**	–
Current portion	**8,301,296**	8,673,980

The Group normally allows a credit period of not more than three months to its customers. For retention money receivables, the due dates usually range from one to three years after the completion of commissioning for wind turbines. 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. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade and bills receivables are non-interest bearing.

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Within 3 months	**3,922,219**	3,163,549
3 to 6 months	**1,539,220**	1,640,550
6 months to 1 year	**1,031,709**	1,980,513
1 to 2 years	**2,398,382**	2,928,833
2 to 3 years	**1,145,655**	433,442
Over 3 years	**382,196**	152,505
	10,419,381	10,299,392

Company

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Within 3 months	**4,398,925**	2,991,692
3 to 6 months	**478,373**	1,513,623
6 months to 1 year	**441,092**	1,569,271
1 to 2 years	**2,094,442**	2,118,878
2 to 3 years	**749,049**	342,715
Over 3 years	**340,552**	137,801
	8,502,433	8,673,980

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	2012 RMB'000	2011 RMB'000
At beginning of the year	**391,553**	372,091
Impairment losses recognised (note 6)	**165,093**	250,675
Impairment losses reversed (note 6)	**(116,552)**	(233,868)
Amounts written off as uncollectible	**(382)**	–
Exchange realignment	**(2,773)**	2,655
At end of the year	**436,939**	391,553

Company

	2012 RMB'000	2011 RMB'000
At beginning of the year	**316,483**	355,550
Impairment losses recognised	**127,490**	188,122
Impairment losses reversed	**(103,864)**	(227,189)
At end of the year	**340,109**	316,483

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB185,703,000 (2011: RMB283,410,000) with a carrying amount before provision of RMB3,095,787,000 (2011: RMB2,965,076,000).

The individually impaired trade receivables relate to customers that were default in principal payments and only a portion of the receivables is expected to be recovered.

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Neither past due nor impaired	**2,880,895**	4,653,790
Less than 3 months past due	**1,256,505**	916,569
3 to 6 months past due	**944,363**	936,462
	5,081,763	6,506,821

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Neither past due nor impaired	**3,467,256**	4,353,344
Less than 3 months past due	**849,455**	854,069
3 to 6 months past due	**562,244**	343,732
	4,878,955	5,551,145

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.

24. TRADE AND BILLS RECEIVABLES (continued)

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

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
A shareholder holding a 13.95% interest in the Company	**10,400**	3,226
Jointly-controlled entities	**494,591**	899,660
Associates	**27,407**	6,712
	532,398	909,598

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

The weighted average effective interest rate on non-current trade and bills receivables is as follows:

	2012	2011
Effective interest rate	**6.22%**	–

The weighted average effective interest rate is determined by reference to the prevailing commercial bank borrowing interest rates for unsecured bank loans with similar maturity.

The carrying amounts of the current trade and bills receivables approximate to their fair value. In addition, as the non-current trade and bills receivables have been discounted based on the effective interest rate, the carrying amounts of the non-current trade and bills receivables approximate to their fair values.

As at 31 December 2012, the Group's trade receivables amounting to RMB193,348,000 (31 December 2011: RMB1,054,532,000) were pledged to secure certain of the Group's bank loans (note 32).

As at 31 December 2012, the Group's bills receivable amounting to RMB74,983,000 (31 December 2011: Nil) were pledged to secure certain of the Group's bank acceptance bills.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Advance to suppliers	**789,929**	727,236
Prepayments	**256,615**	96,993
Deposits and other receivables	**964,560**	869,425
Provision for impairment	**(3,643)**	(4,594)
	2,007,461	1,689,060
Portion classified as non-current assets	**(217,011)**	(65,332)
Current portion	**1,790,450**	1,623,728

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Advance to suppliers	**1,603,384**	850,704
Prepayments	**99,294**	25,865
Deposits and other receivables	**2,661,126**	1,680,717
Provision for impairment	**(3,435)**	(3,435)
	4,360,369	2,553,851
Portion classified as non-current assets	**(69,744)**	–
Current portion	**4,290,625**	2,553,851

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

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

Group

	2012 RMB'000	2011 RMB'000
At beginning of the year	**4,594**	4,909
Impairment losses recognised (note 6)	**–**	6
Impairment losses reversed (note 6)	**–**	(258)
Amounts written off as uncollectible	**(3)**	(189)
Exchange realignment	**(948)**	126
At end of the year	**3,643**	4,594

Company

	2012 RMB'000	2011 RMB'000
At beginning and end of the year	**3,435**	3,435

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

	2012 RMB'000	2011 RMB'000
Jointly-controlled entities	**10,837**	16,353
Associates	**108,092**	183,743
	118,929	200,096

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

26. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Listed equity investment, at market value:		
– Hong Kong	**–**	94,035

The above equity investment was acquired for the purpose of selling it in the near term, therefore, it was classified as held for trading and was, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. It was sold in 2012.

27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Cash and bank balances	**5,180,562**	6,461,558
Time deposits	**1,781,198**	1,151,685
	6,961,760	7,613,243
Less: Pledged time deposits for		
– Bank loans (note 32)	**(13,516)**	(16,325)
– Uncompleted transaction	**(86,946)**	–
– Letters of credit	**(786)**	–
– Guarantee issued	**(42,584)**	–
	(143,832)	(16,325)
Cash and cash equivalents in the consolidated statement of financial position	**6,817,928**	7,596,918
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(213,600)**	(42,288)
Cash and cash equivalents in the consolidated statement of cash flows	**6,604,328**	7,554,630
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**5,669,594**	6,135,160
– Other currencies	**1,292,166**	1,478,083
	6,961,760	7,613,243

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

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Cash and bank balances	**2,055,465**	3,422,016
Time deposits	**1,184,883**	741,681
	3,240,348	4,163,697
Less: Pledged time deposits for		
– Guarantee issued	**(347)**	–
Cash and cash equivalents in the statement of financial position	**3,240,001**	4,163,697
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**3,227,776**	4,037,974
– Other currencies	**12,572**	125,723
	3,240,348	4,163,697

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

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

28. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 21 November 2012, one of the subsidiaries of the Company, Goldwind International SO Limited, entered into a disposal agreement with an independent third party, Algonquin Power Fund (America) Inc., to dispose of its 100% equity interest in Shady Oaks Holding, LLC ("Shady Oaks Holding"). The assets and liabilities of Shady Oaks Holding were classified as held for sale in the consolidated statement of financial position as at 31 December 2012. The transaction was subsequently completed on 10 January 2013.

On 31 December 2011, one of the subsidiaries of the Company, Beijing Tianrun, entered into a disposal agreement with an independent third party, Ping An Trust, to dispose of its 49% equity interest in Pinglu Tianhui, a wholly-owned subsidiary of Beijing Tianrun. Upon the completion of the disposal, the Group will lose control of Pinglu Tianhui and will account for Pinglu Tianhui as a jointly-controlled entity of the Group. The assets and liabilities of Pinglu Tianhui were classified as held for sale in the consolidated statement of financial position as at 31 December 2011.The transaction was completed on 31 March 2012. Further details of disposal are included in note 38.

The assets and liabilities of Shady Oaks Holding and Pinglu Tianhui classified as held for sale as at 31 December 2012 and 2011, respectively, are as follows:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Assets		
Property, plant and equipment (note 13)	**1,125,423**	431,865
Goodwill (note 16)	**310**	–
Derivative financial instrument (note 31)	**32,355**	–
Other long-term assets	**–**	14,967
Trade receivables	**7,187**	–
Prepayments, deposits and other receivables	**707**	53,916
Cash and cash equivalents	**28,892**	87,396
Assets of a disposal group classified as held for sale	**1,194,874**	588,144
Liabilities		
Trade payables	**(7,200)**	(74,587)
Other payables and accruals	**(26,153)**	(1,232)
Interest-bearing bank loans	**(920,984)**	(450,000)
Governments grants (note 34)	**(342,485)**	–
Liabilities directly associated with the assets classified as held for sale	**(1,296,822)**	(525,819)
Net assets directly associated with the disposal group	**(101,948)**	62,325

29. TRADE AND BILLS PAYABLES

Group

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Trade payables	**4,901,196**	5,294,639
Bills payable	**3,848,456**	2,286,236
	8,749,652	7,580,875
Portion classified as non-current liabilities	**(244,656)**	–
Current portion	**8,504,996**	7,580,875

Company

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Trade payables	**3,784,996**	3,903,582
Bills payable	**3,653,970**	2,007,221
	7,438,966	5,910,803
Portion classified as non-current liabilities	**(138,743)**	–
Current portion	**7,300,223**	5,910,803

Trade and bills payables are non-interest-bearing and are normally settled between 60 and 180 days. For the retention money payables in respect of warranties granted by the suppliers, the due dates usually range from one to three years after the completion of the preliminary acceptance of goods.

29. TRADE AND BILLS PAYABLES (continued)

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

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Within 3 months	**3,970,391**	4,795,462
3 to 6 months	**3,125,915**	861,470
6 months to 1 year	**763,524**	1,339,345
1 to 2 years	**541,910**	556,310
2 to 3 years	**335,257**	21,752
Over 3 years	**12,655**	6,536
	8,749,652	7,580,875

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Within 3 months	**4,983,838**	4,306,380
3 to 6 months	**1,881,702**	766,922
6 months to 1 year	**191,315**	595,273
1 to 2 years	**220,768**	231,827
2 to 3 years	**155,237**	3,892
Over 3 years	**6,106**	6,509
	7,438,966	5,910,803

29. TRADE AND BILLS PAYABLES (continued)

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

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Associates	**298,751**	64,004

The above amounts are repayable on similar credit terms to those offered by the Group's related parties to their major customers.

The weighted average effective interest rate on non-current trade and bills payables is as follows:

	2012	2011
Effective interest rate	**6.44%**	–

The weighted average effective interest rate is determined by reference to the prevailing commercial bank borrowing interest rates for unsecured bank loans with similar maturity.

30. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Advances from customers	**714,593**	1,062,648
Accrued salaries, wages and benefits	**111,774**	98,591
Other taxes payable	**157,741**	15,522
Others	**362,244**	249,406
	1,346,352	1,426,167

30. OTHER PAYABLES AND ACCRUALS (continued)

Company

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Advances from customers	**435,574**	862,559
Accrued salaries, wages and benefits	**21,674**	17,367
Other taxes payable	**124,164**	27,824
Others (i)	**841,677**	595,432
	1,423,089	1,503,182

(i) The amounts due to subsidiaries included in others are RMB619,595,000 as at 31 December 2012 (31 December 2011: RMB506,017,000).

The amounts due to Xinjiang Wind Power, a 13.95%-owned shareholder of the Company, and the Group's jointly-controlled entities and associates included in other payables and accruals are as follows:

	As at 31 December	
	2012 RMB'000	2011 RMB'000
13.95%-owned shareholder of the company	**231**	–
Jointly-controlled entities	**8,123**	18,613
Associates	**302**	200
	8,656	18,813

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

31. DERIVATIVE FINANCIAL INSTRUMENTS

Group

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Assets		
Non-current assets:		
Power price swap contract	**–**	33,203
Forward contract	**94,830**	–
	94,830	33,203
Liabilities		
Current liabilities:		
Forward currency contracts	**–**	537

Company

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Liabilities		
Current liabilities:		
Forward currency contracts	**–**	537

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

31. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

In 2011, the Company entered into forward currency contracts with Bank of China to manage its exchange rate exposures. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of these non-hedging currency derivatives amounting to RMB7,009,000 were credited to profit or loss in 2011. The forward currency contracts were settled in 2012.

In 2010, Tianrun Shady Oaks, a subsidiary of the Company, entered into a power price swap agreement with Commonwealth Edison Company. Changes in the fair value of the non-hedging derivative amounting to RMB152,000 (2011:RMB24,253,000) were credited to profit or loss for the year. Tianrun Shady Oaks is a wholly-owned subsidiary of Shady Oaks Holding, which was in progress to be disposed of to an independent third party as at 31 December 2012. The assets and liabilities of Shady Oaks Holding, including the derivative financial instrument of Tianrun Shady Oaks in respect of the fair value of power price swap contract, were classified as held for sale in the consolidated statement of financial position as at 31 December 2012.

In 2012, Beijing Tianrun, a subsidiary of the Company, entered into an agreement with Ping An Trust to dispose of its 49% shareholding in Pinglu Tianhui. According to the agreement, in addition to the fixed selling price, Beijing Tianrun shall receive a variable price, which is determined based on a measurement index of wind volume at area surrounding Pinglu Tianhui. The fair value of such variable price, a non-hedging derivative, was RMB93,345,000 as at the disposal date. The subsequent change in the fair value of such non-hedging derivative, which amounted to RMB1,485,000, were credited to profit or loss for the year.

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWING

Group

	As at 31 December 2012			As at 31 December 2011		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	4.20-6.87	2013	260,000	1.80-7.54	2012	3,818,898
– Secured	5.60-6.56	2013	24,940	6.15-7.87	2012	1,500,232
Current portion of long term bank loans:						
– Unsecured	4.01	2013	3,771	3.94-5.60	2012	105,353
– Secured	5.76-7.05	2013	100,500	5.35-7.05	2012	43,000
			389,211			5,467,483
Non-current						
Long term bank loans:						
– Unsecured	4.01-6.40	2014-2021	31,170	3.94-6.65	2013-2021	634,025
– Secured	3.25-8.33	2014-2026	2,705,275	3.20-8.33	2013-2026	1,940,720
Corporate bond (i):						
– Unsecured	6.63	2015	2,979,461			–
			5,715,906			2,574,745
			6,105,117			8,042,228
Interest-bearing bank loans and other borrowing denominated in:						
– RMB			6,045,428			6,481,661
– Euro			25,747			118,922
– United States dollar			33,942			996,856
– Hong Kong dollar			–			284,556
– Australian dollar			–			160,233
			6,105,117			8,042,228

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWING (continued)

Company

	As at 31 December 2012			As at 31 December 2011		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	**4.20**	**2013**	**50,000**	4.21-6.89	2012	2,910,785
– Secured			**–**	6.45-7.50	2012	790,000
			50,000			3,700,785
Non-current						
Long term bank loans:						
– Unsecured	**6.40**	**2017**	**1,000**	6.65	2013	600,000
Corporate bond (i):						
– Unsecured	**6.63**	**2015**	**2,979,461**			–
			2,980,461			600,000
			3,030,461			4,300,785
Interest-bearing bank loans and other borrowing denominated in:						
– RMB			**3,030,461**			4,198,532
– Euro			**–**			88,341
– United States dollar			**–**			13,912
			3,030,461			4,300,785

(i) In February 2012, the Company issued a domestic corporate bond in an aggregate principal amount of RMB3 billion, which is repayable in February 2015 and its applicable interest rate is 6.63% per annum. The domestic corporate bond has been issued in the denomination of RMB100 each. The issue price for each of the domestic corporate bond is RMB100. Subsequent to completion of the issue of the corporate bond, on 16 March 2012, the corporate bond was listed on the Shenzhen Stock Exchange.

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWING (continued)

The maturity profile of the interest-bearing bank loans and other borrowing as at 31 December 2012 and 2011 is as follows:

Group

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**389,211**	5,467,483
In the second year	**177,221**	823,222
In the third to fifth years, inclusive	**825,614**	499,758
Above five years	**1,733,610**	1,251,765
	3,125,656	8,042,228
Corporate bond repayable		
In the third to fifth years, inclusive	**2,979,461**	–
	6,105,117	8,042,228

Company

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**50,000**	3,700,785
In the second year	**–**	600,000
In the third to fifth years, inclusive	**1,000**	–
	51,000	4,300,785
Corporate bond repayable		
In the third to fifth years, inclusive	**2,979,461**	–
	3,030,461	4,300,785

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWING (continued)

The Group's bank loans of approximately RMB2,830,715,000 (31 December 2011: RMB3,533,952,000) at 31 December 2012 were secured or guaranteed as follows:

(a) Certain of the Group's bank loans amounting to approximately RMB2,780,027,000 (31 December 2011: RMB1,008,000,000) as at 31 December 2012 were secured by mortgages over certain of the property, plant and equipment and prepaid land lease payments of the Group and by the pledge of the Group's electricity charge right and their future income thereon. As at 31 December 2012, the aggregate carrying values of the property, plant and equipment, prepaid land lease payments and the receivables under the electricity charge amounted to RMB2,611,322,000 (31 December 2011: RMB1,531,754,000) and RMB13,335,000 (31 December 2011: RMB15,244,000) and RMB188,408,000 (31 December 2011: RMB36,752,000), respectively.

(b) Certain of the bank loans of one of the Company's subsidiaries, Goldwind Windenergy, amounting to EUR846,000 (equivalent to approximately RMB7,033,000) (31 December 2011: EUR1,246,000, equivalent to approximately RMB10,175,000) as at 31 December 2012 were secured by mortgages over certain of its property, plant and equipment. As at 31 December 2012, the carrying values of such secured property, plant and equipment amounted to RMB11,644,000 (31 December 2011: RMB11,427,000).

(c) Certain of the Group's bank loans amounting to approximately RMB24,940,000 (31 December 2011: RMB1,500,232,000) as at 31 December 2012 were secured by the pledge of the accounts receivable of the Group. As at 31 December 2012, the accounts receivable amounted to RMB4,940,000 (31 December 2011: RMB1,017,780,000).

(d) Certain of the bank loans of one of the Company's subsidiaries, Vensys Windpark Wagenfeld Betriebsgesellschaft mbH & Co. KG, amounting to approximately EUR2,250,000 (equivalent to approximately RMB18,715,000) (31 December 2011: EUR2,500,000, equivalent to approximately RMB20,406,000) as at 31 December 2012 were secured by the pledge of certain of the Group's bank deposits amounting to approximately RMB13,516,000 (31 December 2011: RMB16,325,000) as at 31 December 2012.

(e) Certain of the bank loans of one of the Company's subsidiaries, TianRun Shady Oaks, amounting to US$150,000,000, equivalent to approximately RMB920,984,000 (31 December 2011: US$150,000,000, equivalent to approximately RMB945,139,000) as at 31 December 2012 was secured by the pledge of its equity interest in GSG6. TianRun Shady Oaks is a wholly-owned subsidiary of Shady Oaks Holding, which was in progress to be disposed of to an independent third party as at 31 December 2012. The assets and liabilities of Shady Oaks Holding and Tianrun Shady Oaks, including the bank loans of TianRun Shady Oaks, were included in the disposal group in the consolidated statement of financial position as at 31 December 2012.

(f) Certain of the bank loans of one of the Company's subsidiaries, Tellhow Wind Power Blade Jiangsu Co., Ltd. ("Tellhow Jiangsu")（天和風電葉片江蘇有限公司）amounting to approximately RMB50,000,000 as at 31 December 2011 were guaranteed by the independent third party, Jiangsu Kai Yuan Investment Co., Ltd.（江蘇開元投資發展有限公司）. Tellhow Jiangsu was disposed of by the Group in 2012.

33. PROVISION

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

Group

	2012 **RMB'000**	2011 RMB'000
At beginning of the year	**1,269,683**	1,016,159
Additional provision (note 6)	**461,863**	521,729
Reversal of unutilised amounts (note 6)	**(88,343)**	(9,760)
Amounts utilised	**(289,445)**	(254,512)
Exchange realignment	**1,388**	(3,933)
At end of the year	**1,355,146**	1,269,683
Portion classified as current liabilities	**(671,205)**	(592,562)
Non-current portion	**683,941**	677,121

Company

	2012 **RMB'000**	2011 RMB'000
At beginning of the year	**1,048,789**	790,861
Additional provision	**296,953**	432,406
Reversal of unutilised amounts	**(74,252)**	–
Amounts utilised	**(216,894)**	(174,478)
At end of the year	**1,054,596**	1,048,789
Portion classified as current liabilities	**(504,132)**	(456,991)
Non-current portion	**550,464**	591,798

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

34. GOVERNMENT GRANTS

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Government grants	**161,166**	152,501

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Government grants	**118,017**	49,422

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

The movements in government grants during the year are as follows:

Group

	2012 **RMB'000**	2011 RMB'000
At beginning of the year	**152,501**	187,359
Additions	**441,008**	33,917
Disposals of subsidiaries (note 38)	**(68,350)**	–
Recognised as income during the year	**(21,508)**	(68,775)
At end of the year	**503,651**	152,501
Government grants included in a disposal group (note 28)	**(342,485)**	–
	161,166	152,501

34. GOVERNMENT GRANTS (continued)

Company

	2012 RMB'000	2011 RMB'000
At beginning of the year	**49,422**	110,031
Additions	**71,850**	2,992
Recognised as income during the year	**(3,255)**	(63,601)
At end of the year	**118,017**	49,422

35. ISSUED SHARE CAPITAL

	As at 31 December			
	2012		2011	
	Number of shares '000	**Nominal value RMB'000**	Number of shares '000	Nominal value RMB'000
Shares				
Registered, issued and fully paid:				
A shares of RMB1.00 each	**2,194,541**	**2,194,541**	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, there were no movements in the share capital.

	2012		2011	
	Number of shares '000	**Nominal value RMB'000**	Number of shares '000	Nominal value RMB'000
At beginning and end of the year	**2,694,588**	**2,694,588**	2,694,588	2,694,588

36. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity for the current and prior years on page 76 of these financial statements.

(b) Company

	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Proposed dividend RMB'000	Total RMB'000
At 1 January 2011	7,969,352	–	481,181	242,636	916,160	9,609,329
Profit for the year (note 10)	–	–	–	142,078	–	142,078
Total comprehensive income	–	–	–	142,078	–	142,078
Final 2010 dividend declared	–	–	–	–	(916,160)	(916,160)
Profit appropriation to reserve	–	–	14,208	(14,208)	–	–
Proposed final 2011 dividend	–	–	–	(134,729)	134,729	–
At 31 December 2011	*7,969,352	–	*495,389	* 235,777	134,729	8,835,247
Profit for the year (note 10)	–	–	–	374,816	–	374,816
Total comprehensive income	–	–	–	374,816	–	374,816
Disposals of subsidiaries	–	–	1,057	9,509	–	10,566
Final 2011 dividend declared	–	–	–	–	(134,729)	(134,729)
Profit appropriation to reserves	–	–	37,482	(37,482)	–	–
Proposed final 2012 dividend	–	–	–	(148,202)	148,202	–
Transfer to special reserve in the current year	–	11,396	–	–	–	11,396
Amount utilised in the current year	–	(11,396)	–	–	–	(11,396)
At 31 December 2012	*7,969,352	–	*533,928	*434,418	148,202	9,085,900

* As at 31 December 2012, these reserve amounts comprise the reserves of RMB8,937,698,000 (31 December 2011: RMB8,700,518,000) in the statement of financial position.

37. ACQUISITIONS OF SUBSIDIARIES

Certain equity interests in subsidiaries now comprising the Group were acquired from independent third parties for the purpose of expanding business during the years ended 31 December 2012 and 2011. 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:

2012

Company name	Acquisition date	Percentage of interest acquired	Cash consideration
Anhua Jilin Energy Co., Ltd. (安華吉林能源有限公司)	October 2012	100%	RMB92,000,000

2011

Company name	Acquisition date	Percentage of interest acquired	Cash consideration
Xinjiang Tiankun Wind Power Logistics Co., Ltd. (新疆天坤風電物流有限公司)	June 2011	67.74%	RMB10,500,000
Windpark Bestwig-Berlar GmbH & Co. KG	January 2011	100%	EUR1,408,828
Gullen Range Wind Farm Pty Ltd.	January 2011	100%	AUD6,920,612
Shuozhou Pinglu Tianrui Wind Power Co., Ltd. (朔州市平魯區天瑞風電有限公司)	May 2011	35%	RMB17,500,000
Keyou Zhongqi Tianyou New Energy Co., Ltd. (科右中旗天佑新能源有限公司)	October 2011	70%	RMB16,000,000
Musselshell Wind Project, LLC	December 2011	100%	US$741,147
Musselshell Wind Project Two, LLC	December 2011	100%	US$700,000
Volkswind Montana Land Holdings, LLC	December 2011	100%	US$600,000

37. ACQUISITIONS OF SUBSIDIARIES (continued)

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 recognised on acquisition	
		2012	2011
		RMB'000	RMB'000
Property, plant and equipment, net	13	**6,398**	41,159
Prepaid land lease payments	15	**–**	2,269
Other intangible assets, net	17	**5**	15,328
Available-for-sale investment		**15,340**	–
Trade receivables		**–**	239
Prepayments, deposits and other receivables		**20,018**	2,221
Equity investment at fair value through profit or loss		**–**	176
Cash and cash equivalents		**38,241**	20,950
Trade and bills payables		**–**	(6,775)
Other payables and accruals		**–**	(8,870)
Interest-bearing bank loans		**–**	(24,218)
Total identifiable net assets at fair value		**80,002**	42,479
Non-controlling interests		**–**	(8,299)
Fair value of shares held before the acquisition date		**–**	(4,400)
Goodwill on acquisitions	16	**11,998**	84,589
Satisfied by cash		**92,000**	114,369

37. ACQUISITIONS OF SUBSIDIARIES (continued)

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

	2012 RMB'000	2011 RMB'000
Cash consideration	**(92,000)**	(114,369)
Cash consideration not yet paid	**–**	22,831
Settlement of prior year's unsettled consideration payable	**(69,245)**	(254,777)
Cash and cash equivalents acquired	**38,241**	20,950
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(123,004)**	(325,365)

Acquirees' contributions

Contributions of the acquirees to the Group's revenue and the Group's profit before tax for the years ended 31 December 2012 and 2011 between the dates of acquisition and the year end dates of the respective years are as follows:

	2012 RMB'000	2011 RMB'000
Contributions to:		
Revenue	**–**	12,367
Loss before tax	**–**	224

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

	2012 RMB'000	2011 RMB'000
Revenue	**11,224,926**	12,882,991
Profit before tax	**206,856**	864,653

38. DISPOSALS AND DERECOGNITION OF SUBSIDIARIES

(i) On 31 March 2012, the Group disposed of its 49% shareholding in Pinglu Tianhui to an independent third party for a consideration in the form of cash of RMB158,080,000.

(ii) On 8 June 2012, the Group disposed of its 100% shareholding in Morton's Lane Holding, Co. to an independent third party for a consideration in the form of cash of AUD1,760,000.

(iii) On 1 July 2012, the Group disposed of its 100% shareholding in Tellhow Jiangsu to an independent third party for a consideration in the form of cash of RMB191,266,000.

(iv) On 31 August 2012, the Group disposed of its 80% shareholding in Inner Mongolia Goldwind to an independent third party for a consideration in the form of cash of RMB149,576,000.

(v) On 31 October 2012, the Group disposed of its 80% shareholding in Xi'an Goldwind to an independent third party for a consideration in the form of cash of RMB64,800,000.

(vi) On 29 March 2011, the Group disposed of its 100% shareholding in Beijing Xingqiyuan Energy Conservation Technology Co., Ltd. (北京興啟源節能科技有限公司) to China Three Gorges, a shareholder holding a 11.19% interest in the Company, for a consideration in the form of cash of RMB111,500,000.

(vii) On 29 August 2011, the Group disposed of its 86% shareholding in Yichun Taiyangfeng New Energy Co., Ltd. (伊春太陽風新能源有限公司) to an independent third party for a consideration in the form of cash of RMB93,000,000.

(viii) On 7 September 2011, the Group disposed of its 100% shareholding in Goldwind Real Estate Development Co., Ltd. (金風房地產開發有限公司) to an independent third party for a consideration in the form of cash of RMB80,000,000.

(ix) On 30 December 2011, the Group disposed of its 50% shareholding in Shangdu Tianrun Wind Power Co., Ltd. (商都縣天潤風電有限公司) to China Three Gorges for a consideration in the form of cash of RMB128,054,900.

(x) In 2011, the Group lost control of Shanxi Youyu, Qingdao Runlai and Guazhou Tianrun due to the termination of voting rights agreements or the capital contribution by independent third parties in 2011.

Goldwind Real Estate Development Co., Ltd. was engaged in real estate development; Xi'an Goldwind, Inner Mongolia Goldwind and Tellhow Jiangsu were engaged in manufacture and sale of wind power equipment and accessories; other subsidiaries disposed of during the years ended 31 December 2012 and 2011 were engaged in wind farm operation.

38. DISPOSALS AND DERECOGNITION OF SUBSIDIARIES (continued)

The net assets of the subsidiaries disposed of and derecognised during the years ended 31 December 2012 and 2011 were as follows:

	Notes	2012 RMB'000	2011 RMB'000
Property, plant and equipment	13	**621,893**	1,615,346
Prepaid land lease payments	15	**103,708**	10,547
Goodwill	16	**8,891**	–
Other intangible assets	17	**4,137**	–
Deferred tax assets	22	**5,929**	–
Inventories		**515,484**	22,741
Trade and bills receivables		**282,075**	80,543
Prepayments, deposits and other receivables		**65,099**	324,694
Cash and cash equivalents		**54,138**	327,862
Assets of a disposal group classified as held for sale	(i)	**603,823**	–
Trade and bills payables		**(728,477)**	(449,533)
Other payables and accruals		**(142,661)**	(85,046)
Interest-bearing bank loans		**(277,727)**	(1,526,340)
Tax payable		**(4,401)**	–
Liabilities directly associated with the assets classified as held for sale	(i)	**(544,684)**	–
Government grants	34	**(68,350)**	–
Non-controlling interests		**–**	(107,940)
		498,877	212,874
Goodwill	16	**21,840**	470
		520,717	213,344
Fair value of net assets not disposed of and derecognised and which remained as investment in a jointly-controlled entity		**(136,484)**	(138,795)
Fair value of net assets not disposed of and derecognised and which remained as investment in an associate		**(53,420)**	(47,914)
Gain on disposals and derecognition of subsidiaries	5	**244,080**	386,920
Total consideration		**574,893**	413,555
Satisfied by cash		**574,893**	413,555

38. DISPOSALS AND DERECOGNITION OF SUBSIDIARIES (continued)

(i) The assets and liabilities of the disposal group are as follows:

	2012 RMB'000
Assets of a disposal group classified as held for sale:	
Property, plant and equipment	458,549
Trade and bills receivables	7,869
Prepayments, deposits and other receivables	75,688
Cash and cash equivalents	61,717
	603,823
Liabilities directly associated with the assets classified as held for sale:	
Trade and bills payables	93,446
Other payables and accruals	10,738
Interest-bearing bank loans	440,500
	544,684

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

	2012 RMB'000	2011 RMB'000
Cash consideration	574,893	413,555
Cash consideration received in prior year	(158,080)	(55,750)
Cash consideration receivable at year end	(14)	(107,000)
Cash and cash equivalents received for prior year transactions	84,000	–
Cash and cash equivalents disposed of	(54,138)	(327,862)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	446,661	(77,057)

39. CONTINGENT LIABILITIES

At 31 December 2012, contingent liabilities not provided for in the financial statements were as follows:

Group

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Letters of credit issued	**205,762**	212,527
Letters of guarantee issued	**5,950,182**	6,863,891
Guarantees given to a bank in connection with a bank loan granted to:		
A third party	**–**	21,000
A jointly-controlled entity	**235,000**	257,000
	6,390,944	7,354,418

Company

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Letters of credit issued	**143,635**	90,038
Letters of guarantee issued	**5,905,147**	6,396,053
Guarantees given to banks in connection with bank loans granted to:		
A third party	**–**	21,000
A subsidiary	**33,645**	198,038
	6,082,427	6,705,129

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

40. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company leases its investment properties (note 14) and certain equipment under operating lease arrangements, with leases negotiated for terms ranging from one to two years. At 31 December 2012 and 2011, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Within one year	**2,255**	11,831
In the second year	**908**	5,288
	3,163	17,119

Company

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Within one year	**–**	11,162
In the second year	**–**	5,288
	–	16,450

During the year, the Company had terminated the operating lease with its tenant.

(b) As lessee

At 31 December 2012 and 2011, the Group had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Within one year	**5,643**	4,819
In the second to fifth years, inclusive	**2,546**	5,113
Beyond five years	**4,291**	4,576
	12,480	14,508

41. COMMITMENTS

In addition to the operating lease commitments detailed in note 40(b) above, the Group and the Company had the following capital commitments as at 31 December 2012 and 2011:

Group

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment and land use rights	**4,241,332**	2,773,260
Authorised, but not contracted for:		
Property, plant and equipment and land use rights	**2,063,129**	1,853,916
Capital contribution payable to jointly-controlled entities	**1,932**	10,200
	6,306,393	4,637,376

Company

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**661**	661
Authorised, but not contracted for:		
Equity investments	**1,332,842**	1,709,388
	1,333,503	1,710,049

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

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**24,554**	57,970

42. RELATED PARTY TRANSACTIONS

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

	2012 **RMB'000**	2011 RMB'000
Continuing transactions		
A shareholder holding a 13.95% interest in the Company:		
Sales of spare parts	**14,867**	422
Purchases of processing services	**–**	150
Associates:		
Sales of wind turbine generators	**69,709**	–
Purchases of spare parts and processing services	**399,761**	360,249
Purchases of processing services	**11,905**	17,150
Provision of technical services	**1**	362
Jointly-controlled entities:		
Sales of wind turbine generators	**180,844**	211,063
Provision of technical services	**10,572**	5,203

Non-continuing transaction:

The bank loan of one of the Group's jointly-controlled entities, Damao Qi Tianrun, amounting to RMB235,000,000 (31 December 2011: RMB257,000,000) as at 31 December 2012 was guaranteed by Beijing Tianrun, one of the Company's subsidiaries.

In the opinion of the Directors, the transactions between the Group and the related parties were based on prices mutually agreed between the parties.

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

42. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amount of total transactions with related parties for the year is included in note 42(a) to the financial statements. The Group expects total transactions with related parties in 2013 and 2014 are as follows:

	2013 RMB'000	2014 RMB'000
Continuing transactions		
Associates:		
Sales of wind turbine generators and spare parts	**12,202**	–
Purchases of spare parts	**1,198,936**	1,300,830
Jointly-controlled entities:		
Sales of wind turbine generators and spare parts	**52,318**	–
Provision of technical services	**6,924**	–

(c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 24, 25, 29 and 30 to these financial statements.

(d) Compensation of key management personnel of the Group

	2012 RMB'000	2011 RMB'000
Short-term employee benefits	**17,371**	18,420
Pension scheme contributions	**322**	460
	17,693	18,880

The related party transactions with the shareholder holding a 13.95% interest in the Company above also constitute connected transactions or continuing connected transactions as defined in chapter 14A of the listing rules.

43. FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

	As at 31 December	
	2012 **RMB'000**	2011 RMB'000
Financial assets		
Financial assets at fair value through profit or loss:		
Designated as such upon initial recognition:		
Derivative financial instruments	**94,830**	33,203
Held for trading:		
Equity investment at fair value through profit or loss	**–**	94,035
	94,830	127,238
Loans and receivables:		
Trade and bills receivables	**10,419,381**	10,299,392
Financial assets included in prepayments, deposits and other receivables	**507,944**	436,206
Pledged deposits	**143,832**	16,325
Cash and cash equivalents	**6,817,928**	7,596,918
	17,889,085	18,348,841
Available-for-sale financial assets:		
Available-for-sale investments	**544,246**	257,644
	18,528,161	18,733,723
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Held for trading:		
Derivative financial instruments	**–**	537
Financial liabilities at amortised cost:		
Trade and bills payables	**8,749,652**	7,580,875
Financial liabilities included in other payables and accruals	**362,244**	249,406
Interest-bearing bank loans and other borrowing	**6,105,117**	8,042,228
	15,217,013	15,872,509
	15,217,013	15,873,046

43. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company

	As at 31 December	
	2012 RMB'000	2011 RMB'000
Financial assets		
Loans and receivables:		
Trade and bills receivables	**8,502,433**	8,673,980
Financial assets included in prepayments, deposits and other receivables	**2,657,691**	1,638,445
Pledged deposits	**347**	–
Cash and cash equivalents	**3,240,001**	4,163,697
	14,400,472	14,476,122
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Held for trading:		
Derivative financial instruments	**–**	537
Financial liabilities at amortised cost:		
Trade and bills payables	**7,438,966**	5,910,803
Financial liabilities included in other payables and accruals	**841,677**	595,432
Interest-bearing bank loans and other borrowing	**3,030,461**	4,300,785
	11,311,104	10,807,020
	11,311,104	10,807,557

44. FAIR VALUE AND FAIR VALUE HIERARCHY

Group

	Carrying amounts As at 31 December		Fair values As at 31 December	
	2012 RMB'000	2011 RMB'000	**2012 RMB'000**	2011 RMB'000
Financial assets				
Available-for-sale investments	**544,246**	257,644	**544,246**	257,644
Derivative financial instruments	**94,830**	33,203	**94,830**	33,203
Equity investment at fair value through profit or loss	**–**	94,035	**–**	94,035
Trade and bills receivables	**10,419,381**	10,299,392	**10,419,381**	10,299,392
Financial assets included in prepayments, deposits and other receivables	**507,944**	436,206	**507,944**	436,206
Pledged deposits	**143,832**	16,325	**143,832**	16,325
Cash and cash equivalents	**6,817,928**	7,596,918	**6,817,928**	7,596,918
	18,528,161	18,733,723	**18,528,161**	18,733,723
Financial liabilities				
Trade and bills payables	**8,749,652**	7,580,875	**8,749,652**	7,580,875
Financial liabilities included in other payables	**362,244**	249,406	**362,244**	249,406
Derivative financial instruments	**–**	537	**–**	537
Interest-bearing bank loans and other borrowing	**6,105,117**	8,042,228	**6,113,480**	8,032,546
	15,217,013	15,873,046	**15,225,376**	15,863,364

44. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Company

	Carrying amounts As at 31 December		Fair values As at 31 December	
	2012 RMB'000	2011 RMB'000	**2012 RMB'000**	2011 RMB'000
Financial assets				
Trade and bills receivables	**8,502,433**	8,673,980	**8,502,433**	8,673,980
Financial assets included in prepayments, deposits and other receivables	**2,657,691**	1,638,445	**2,657,691**	1,638,445
Pledged deposits	**347**	–	**347**	–
Cash and cash equivalents	**3,240,001**	4,163,697	**3,240,001**	4,163,697
	14,400,472	14,476,122	**14,400,472**	14,476,122
Financial liabilities				
Trade and bills payables	**7,438,966**	5,910,803	**7,438,966**	5,910,803
Financial liabilities included in other payables	**841,677**	595,432	**841,677**	595,432
Derivative financial instruments	**–**	537	**–**	537
Interest-bearing bank loans and other borrowing	**3,030,461**	4,300,785	**3,029,767**	4,283,242
	11,311,104	10,807,557	**11,310,410**	10,790,014

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, pledged deposits, the current portion of trade and bills receivables, the current portion of trade and bills payables, the current portion of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank loans and other borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of trade and bills interest, the non-current portion of trade and bills payables, the non-current portion of financial assets included in prepayments, deposits and other receivables and the non-current portion of interest-bearing bank loans and other borrowing have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. The Group's accounting policies in relation to derivative financial instruments are set out in note 2.4 above.

(a) Fair value and cash flow interest rate risks

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

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

If there would be a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have decreased/increased by approximately RMB28,242,000 (2011: RMB43,612,000) for the year ended 31 December 2012, and there would be no impact on other components of the consolidated equity, except for retained profits, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and the Group has applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

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

The Group's and the Company's exposures to foreign currencies as at 31 December 2012 and 2011 are as follows:

Group

	As at 31 December					
	2012			2011		
	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000
Trade receivables	4,159	115,018	–	–	7,117	–
Prepayments, deposits and other receivables	17,943	–	–	151,064	16,041	–
Cash and cash equivalents	17,792	117,320	8,049	7,956	124,893	382,645
Trade payables	(114,508)	(9,610)	(625)	(88,146)	(50,950)	–
Other payables	–	(17,275)	–	–	(3,957)	(520)
Interest-bearing bank loans	–	–	–	(88,341)	(13,912)	(284,556)
	(74,614)	205,453	7,424	(17,467)	79,232	97,569

Company

	As at 31 December					
	2012			2011		
	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000
Trade receivables	–	33,659	–	–	1,796	–
Prepayments, deposits and other receivables	14,234	–	–	147,995	5	–
Cash and cash equivalents	147	11,672	752	1,077	79,217	45,429
Trade payables	(114,508)	(6)	–	(58,595)	(47,237)	–
Other payables	–	(17,275)	–	–	–	–
Interest-bearing bank loans	–	–	–	(88,341)	(13,912)	–
	(100,127)	28,050	752	2,136	19,869	45,429

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

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

Sensitivity analysis

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

	2012 RMB'000	2011 RMB'000
If RMB weakens against Euro	**(7,461)**	(1,747)
If RMB strengthens against Euro	**7,461**	1,747
If RMB weakens against United States dollar	**20,545**	7,923
If RMB strengthens against United States dollar	**(20,545)**	(7,923)
If RMB weakens against Hong Kong dollar	**742**	9,757
If RMB strengthens against Hong Kong dollar	**(742)**	(9,757)

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

	As at 31 December	
	2012 RMB'000	2011 RMB'000
If RMB weakens against Euro	**(6,588)**	(1,289)
If RMB strengthens against Euro	**6,588**	1,289
If RMB weakens against United States dollar	**15,554**	6,224
If RMB strengthens against United States dollar	**(15,554)**	(6,224)
If RMB weakens against Hong Kong dollar	**564**	7,677
If RMB strengthens against Hong Kong dollar	**(564)**	(7,677)

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

	As at 31 December	
	2012 RMB'000	2011 RMB'000
If RMB weakens against Euro	**(8,511)**	182
If RMB strengthens against Euro	**8,511**	(182)
If RMB weakens against United States dollar	**2,384**	1,689
If RMB strengthens against United States dollar	**(2,384)**	(1,689)
If RMB weakens against Hong Kong dollar	**64**	3,861
If RMB strengthens against Hong Kong dollar	**(64)**	(3,861)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

The sensitivity analysis above has been determined assuming that the change in foreign currency rates had occurred on 31 December 2012 and the Group had applied the exposure to foreign currency risk to those monetary assets and liabilities and net investment operations in existence at those dates. The estimated 10% increase or decrease represents management's assessment of a reasonably possible change in foreign currency rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the year.

(c) Credit risk

The Group trades only with recognised and creditworthy parties. The Group has a credit policy in place which requires credit evaluations on all customers who wish to trade on credit terms. Receivable balances are monitored on an ongoing basis. In most instances, advance payments are required for customers of wind turbine generators. Otherwise, the credit quality of customers is assessed after taking into account the customers' financial position and past experience with the customers.

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

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

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

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

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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities with several banks of an amount up to RMB33,959,825,000 as at 31 December 2012, of which an amount of approximately RMB19,114,657,000 has been utilised.

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

Group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2012					
Trade and bills payables	**8,504,996**	**139,530**	**151,185**	**–**	**8,795,711**
Financial liabilities included in other payables and accruals	**362,244**	**–**	**–**	**–**	**362,244**
Interest-bearing bank loans and other borrowing	**389,211**	**177,221**	**3,825,614**	**1,733,610**	**6,125,656**
Interest payments on bank loans and other borrowing	**388,952**	**370,853**	**459,798**	**438,038**	**1,657,641**
	9,645,403	**687,604**	**4,436,597**	**2,171,648**	**16,941,252**
31 December 2011					
Trade and bills payables	7,580,875	–	–	–	7,580,875
Derivative financial instruments	537	–	–	–	537
Financial liabilities included in other payables and accruals	249,406	–	–	–	249,406
Interest-bearing bank loans and other borrowing	5,467,483	823,222	499,758	1,251,765	8,042,228
Interest payments on bank loans	307,931	109,733	227,321	255,106	900,091
	13,606,232	932,955	727,079	1,506,871	16,773,137

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

Company

31 December 2012	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Trade and bills payables	7,300,223	47,078	121,168	7,468,469
Financial liabilities included in other payables and accruals	841,677	–	–	841,677
Interest-bearing bank loans and other borrowing	50,000	–	3,001,000	3,051,000
Interest payments on bank loans and other borrowing	200,697	198,964	33,344	433,005
	8,392,597	246,042	3,155,512	11,794,151

31 December 2011	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Trade and bills payables	5,910,803	–	–	5,910,803
Derivative financial instruments	537	–	–	537
Financial liabilities included in other payables and accruals	595,432	–	–	595,432
Interest-bearing bank loans and other borrowing	3,700,785	600,000	–	4,300,785
Interest payments on bank loans	152,109	15,184	–	167,293
	10,359,666	615,184	–	10,974,850

(e) Capital management

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

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

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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management (continued)

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

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Trade and bills payables	**8,749,652**	7,580,875
Other payables and accruals	**1,346,352**	1,426,167
Interest-bearing bank loans and other borrowing	**6,105,117**	8,042,228
Less: Cash and cash equivalents	**(6,817,928)**	(7,596,918)
Pledged deposits	**(143,832)**	(16,325)
Net debt	**9,239,361**	9,436,027
Equity attributable to owners of the Company	**12,902,654**	12,874,059
Capital and net debt	**22,142,015**	22,310,086
Gearing ratio	**41.73%**	42.29%

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 March 2013.

Financial Highlights for the Past Five Financial Years

(Except share data, all amounts in RMB thousands)

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2008	2009	2010	2011	**2012**
REVENUE	6,417,271	10,666,505	17,475,172	12,755,970	**11,224,926**
PROFIT BEFORE TAX	1,146,094	1,990,558	2,799,715	864,434	**206,856**
Income tax expense	(120,898)	(199,955)	(415,878)	(146,448)	**(41,387)**
PROFIT FOR THE YEAR	1,025,196	1,790,603	2,383,837	717,986	**165,469**
Profit attributable to:					
Owners of the Company	906,407	1,745,580	2,289,520	606,707	**153,054**
Non-controlling interests	118,789	45,023	94,317	111,279	**12,415**
OTHER COMPREHENSIVE INCOME	(24,328)	7,892	(27,475)	(105,460)	**8,663**
TOTAL COMPREHENSIVE INCOME	1,000,868	1,798,495	2,356,362	612,526	**174,132**
EARNINGS PER SHARE:					
Basic and diluted (RMB/Share)	0.40	0.78	0.99	0.23	**0.06**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2008	2009	2010	2011	**2012**
Cash and cash equivalents	3,286,400	4,458,950	9,323,600	7,596,918	**6,817,928**
Current assets	9,060,678	11,285,717	22,836,079	25,366,777	**23,573,344**
Non-current assets	2,150,158	3,597,228	5,561,537	7,063,409	**8,823,154**
Total assets	11,210,836	14,882,945	28,397,616	32,430,186	**32,396,498**
Current liabilities	(5,503,639)	(6,882,263)	(12,456,197)	(15,712,897)	**(12,266,403)**
Non-current liabilities	(1,569,532)	(2,473,425)	(2,310,519)	(3,448,780)	**(6,844,470)**
Total liabilities	(7,073,171)	(9,355,688)	(14,766,716)	(19,161,677)	**(19,110,873)**
Net assets	4,137,665	5,527,257	13,630,900	13,268,509	**13,285,625**
Issued share capital	1,000,000	1,400,000	2,694,588	2,694,588	**2,694,588**
Reserves	2,442,484	3,661,057	9,678,240	10,044,742	**10,059,864**
Equity attributable to owners of the Company	3,722,484	5,201,057	13,288,988	12,874,059	**12,902,654**
Non-controlling interests	415,181	326,200	341,912	394,450	**382,971**

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