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**

2013 ANNUAL REPORT

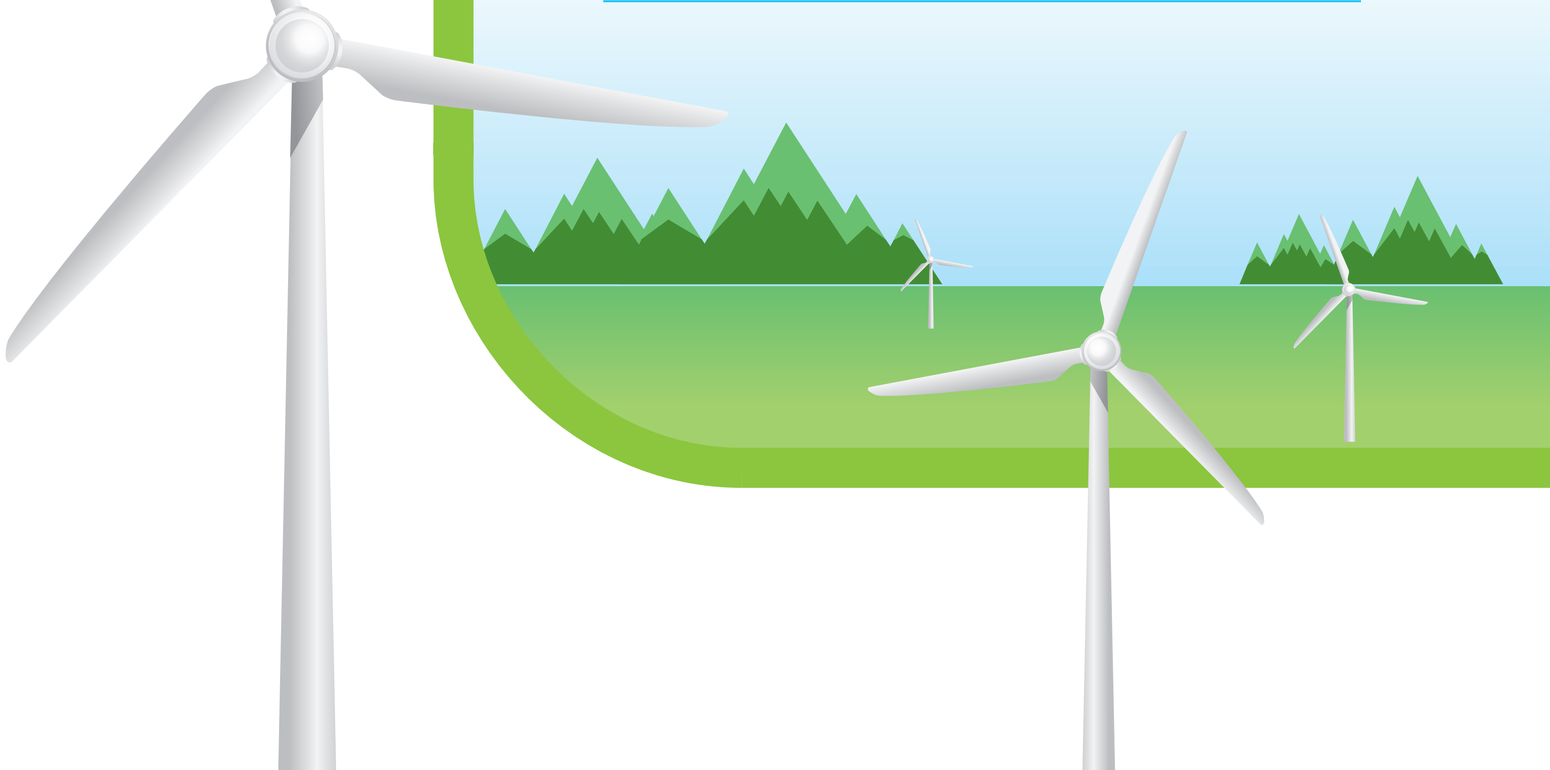
* For identification purpose only

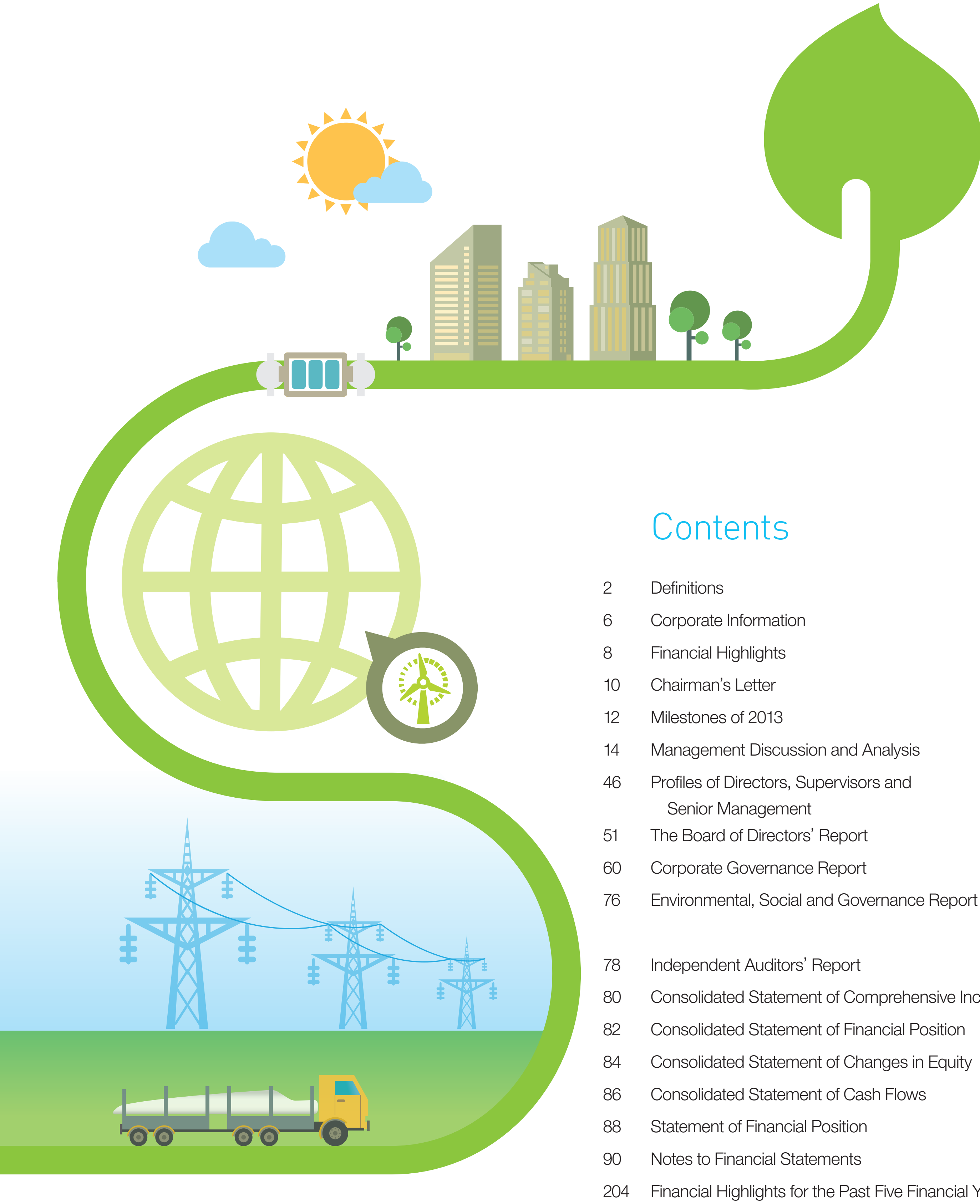
Company Profile

Goldwind was established in Urumqi, Xinjiang, the PRC in 1998, became a joint stock limited liability company in 2001, and its ordinary shares were listed on the Small and Medium-sized Enterprise Board of SZSE in December 2007 (SZSE: 002202) and the main board of the Stock Exchange in October 2010 (HK: 2208).

Goldwind is one of China's earliest manufacturers in the wind power industry. Our core technical and management personnel have more than 20 years of experience in this industry. We have established ourselves as a global leader in manufacturing WTGs and providing comprehensive wind power solutions. We have three primary business segments of WTG Manufacturing, Wind Power Services, and Wind Farm Investment, Development and Sales that provide us with diversified sources of profitability. Drawing from our extensive experience in R&D and manufacture of WTGs and wind farm development, we are able to provide our customers with high quality WTGs as well as comprehensive solutions which include wind power services and wind farm development, allowing us to meet our customers' demands in multiple segments of the wind power industry's value chain.

By the end of 2013, Goldwind's accumulated installed capacity had exceeded 19GW and had over 14,000 units of installed WTGs distributed across six continents. Goldwind's domestic newly installed capacity of 3,750.25MW in 2013 represented a domestic market share of 23.30% and was ranked first in China. Our global newly installed capacity during the year represented a global market share of 10.3% and was ranked second in the world.





Contents

Definitions

In this annual report, the following expressions have the following meanings unless the context requires otherwise:

"A Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
"AC"	alternating current, being electricity that changes direction periodically;
"AGM"	annual general meeting of the Company;
"Articles"	the *Articles of Association* of the Company, as amended, modified or otherwise supplemented from time to time;
"associate"	has the meaning as ascribed in the Listing Rules;
"attributable capacity"	represents the capacity attributed to the Group calculated by multiplying the Group's percentage ownership in a power project by the total capacity of such power project;
"availability rate"	a percentage calculated by dividing the amount of time a WTG is not experiencing technical defaults over a certain period by the amount of time in such period;
"Beijing Tianrun"	Beijing Tianrun New Energy Investment Co., Ltd. (北京天潤新能投資有限公司), a company incorporated under the laws of the PRC on 11 April 2007 and a wholly owned subsidiary of the Company;
"Beijing Tianyuan"	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), a company incorporated under the laws of the PRC on 29 September 2005 and a wholly owned subsidiary of the Company;
"Board"	the board of directors of the Company;
"Board Committees"	specialised committees of the Board established by the Board and include members of the Board, namely the Audit Committee, Nomination Committee, Remuneration and Assessment Committee, and Strategic Committee;
"CASBE"	*China Accounting Standards for Business Enterprises;*
"CEO"	the chief executive officer of the Company;
"Chairman"	the chairman of the Board;
"chief executive"	has the meaning as ascribed in the Listing Rules;
"China" or "PRC"	the People's Republic of China. References in this annual report to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"China Three Gorges"	China Three Gorges Corporation (中國長江三峽集團公司), a company incorporated under the laws of the PRC and the parent company of China Three Gorges New Energy;

"China Three Gorges New Energy"	China Three Gorges New Energy Corporation（中國三峽新能源公司）, a company incorporated under the laws of the PRC, a wholly-owned subsidiary of China Three Gorges, and a substantial shareholder of the Company;
"Company"	Xinjiang Goldwind Science & Technology Co., Ltd.（新疆金風科技股份有限公司）, a joint stock limited liability company incorporated in the PRC on 26 March 2001;
"connected person"	has the meaning as ascribed in the Listing Rules;
"Connected Persons Group"	a group of connected persons of the Company comprising China Three Gorges New Energy, Xinjiang Wind Power, and their respective associates;
"Corporate Bonds"	the 3-year corporate bonds issued by the Company on 27 February 2012 with an aggregate principal amount of RMB3 billion and with a coupon rate of 6.63%;
"Corporate Governance Code"	*Corporate Governance Code* and *Corporate Governance Report*, as set out in Appendix 14 of the Listing Rules;
"CSRC"	China Securities Regulatory Commission（中國證券監督管理委員會）;
"DC"	direct current, being electricity that flows in one direction through the conductor;
"DDPM"	direct-drive permanent magnet, a technology that combines a) a drive-train concept in which the need for a gearbox is eliminated and the turbine rotor directly drives the generator rotor; and b) a synchronous generator in which permanent magnet is used on the generator;
"Directors"	the directors of the Company;
"EGM"	extraordinary general meeting of the Company;
"EPC"	Engineering, Procurement and Construction, a construction arrangement where a company that is contracted to construct the project will be responsible for the design, procurement and construction of such project, and will deliver such project to the owner after completion of the project construction and passing of the final acceptance inspection;
"Financial Statements"	the audited consolidated financial statements of the Group for the financial year ended 31 December 2013, prepared in accordance with IFRSs;
"gearing ratio"	net debt divided by the sum of capital and net debt;
"Group", "Goldwind", "us" or "we"	the Company and its subsidiaries;
"GW"	gigawatt, a unit of power, 1GW equals 1,000MW;
"H Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the Stock Exchange and traded in HKD;

Definitions

"HKD"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"IFRSs"	*International Financial Reporting Standards;*
"independent shareholders"	has the meaning as ascribed in the Listing Rules;
"kV"	kilovolt, a unit of potential difference between two terminals, 1kV equals 1,000 volts;
"kW"	kilowatt, a unit of power, 1kW equals 1,000 watts;
"kWh"	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
"Latest Practicable Date"	21 March 2013, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained in this report;
"Listing Rules"	the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*;
"Model Code"	the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix 10 of the Listing Rules;
"MW"	megawatt, a unit of power, 1MW equals 1,000kW;
"NEA"	National Energy Administration of the PRC（中國國家能源局）;
"NDRC"	National Development and Reform Commission of the PRC（中國國家發展和改革委員會）;
"President"	the president of the Company;
"R&D"	research and development;
"RMB"	Renminbi, the lawful currency of the PRC;
"Senior Management"	the members of the senior management of the Company, their profiles as at 31 December 2013 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the *Securities and Futures Ordinance*, Chapter 571 of the *Laws of Hong Kong*, as amended, supplemented or otherwise modified from time to time;
"Shareholders"	shareholders of the Company;

"State Council"	the State Council of the PRC (中國國務院);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the meaning as ascribed in the Listing Rules;
"Supervisors"	the supervisors of the Company;
"Supervisory Committee"	the supervisory committee of the Company;
"SZSE"	Shenzhen Stock Exchange;
"Three-North region"	China's Three-North region, which includes northeast, northwest and northern China;
"Vice Chairman"	the vice chairman of the Board;
"Wind Farm Investment, Development and Sales"	the Group's Wind Farm Investment, Development and Sales business segment, one of the three primary business segments of the Group;
"Wind Power Services"	the Group's Wind Power Services business segment, one of the three primary business segments of the Group;
"WTG"	wind turbine generator;
"WTG Manufacturing"	the Group's WTG R&D, Manufacturing and Sales business segment, the core business of the Group and one of the three primary business segments of the Group;
"Xinjiang"	the Xinjiang Uyghur Autonomous Region of the PRC;
"Xinjiang Wind Power"	Xinjiang Wind Power Co., Ltd. (新疆風能有限責任公司), a state-owned enterprise incorporated under the laws of the PRC and a substantial shareholder of the Company;
"XJ New Wind"	Xinjiang New Wind Kegongmao Co., Ltd. (新疆新風科工貿有限責任公司), a company incorporated under the laws of the PRC on 17 February 1998 and the predecessor of the Company;
"YoY"	year-over-year, a method of evaluating two or more measured events to compare the results at one time period with those from another time period on an annualised basis; and
"%"	percent, in this annual report, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Wu Gang *(Chairman)*
Mr. Wang Haibo
Mr. Cao Zhigang

Non-executive Directors
Mr. Li Ying *(Vice Chairman)*
Ms. Hu Yang
Mr. Yu Shengjun

Independent Non-executive Directors
Dr. Tin Yau Kelvin Wong
Mr. Yang Xiaosheng
Mr. Luo Zhenbang

SUPERVISORY COMMITTEE

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

COMPANY SECRETARY

Ms. Ma Jinru

AUTHORISED REPRESENTATIVES

Mr. Wu Gang
Ms. Ma Jinru

AUDIT COMMITTEE

Dr. Tin Yau Kelvin Wong
Mr. Luo Zhenbang
Mr. Yu Shengjun

NOMINATION COMMITTEE

Mr. Luo Zhenbang
Mr. Yang Xiaosheng
Mr. Wu Gang

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Yang Xiaosheng
Dr. Tin Yau Kelvin Wong
Mr. Luo Zhenbang
Mr. Wu Gang
Mr. Li Ying

STRATEGIC COMMITTEE

Mr. Wu Gang
Mr. Wang Haibo
Mr. Cao Zhigang
Ms. Hu Yang
Mr. Yu Shengjun
Mr. Yang Xiaosheng

PLACE OF BUSINESS

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

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

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 BANKERS

China Development Bank Corporation
Bank of China Limited, Xinjiang Branch
China Construction Bank Corporation, Xinjiang Branch
Agricultural Bank of China Limited, Xinjiang Branch
Industrial and Commercial Bank of China Limited, Xinjiang Branch
Bank of Communications Co., Ltd., Xinjiang Branch
Industrial Bank Co., Ltd., Urumqi Branch
China Merchants Bank Co., Ltd., Urumqi Branch, Jiefang North Road Sub-Branch
HSBC Bank (China) Co., Ltd., Beijing Branch
Deutsche Bank China Co., Ltd., Beijing Branch

COMPANY WEBSITE

www.goldwindglobal.com

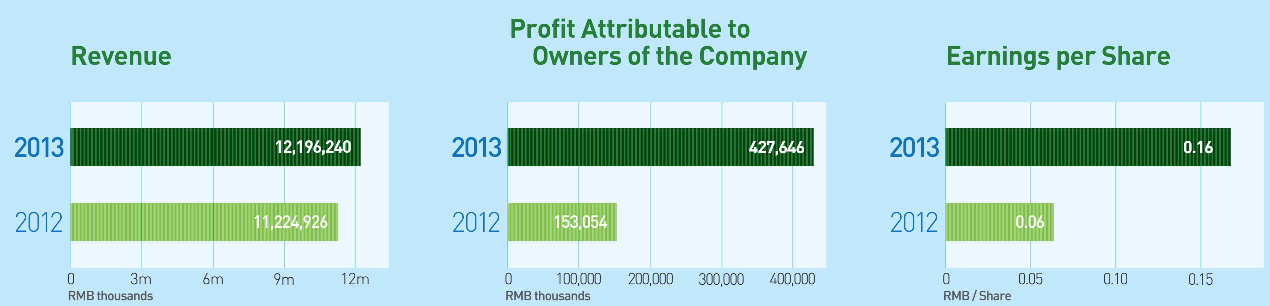
To contact Goldwind investor relations, please scan this QR code.

Financial Highlights

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Except share data, all amounts in RMB thousands)

	Year ended 31 December 2013	2012	Percentage Change
REVENUE	**12,196,240**	11,224,926	8.65%
PROFIT BEFORE TAX	**505,550**	206,856	144.40%
Income tax expense	**(71,914)**	(41,387)	73.76%
PROFIT FOR THE YEAR	**433,636**	165,469	162.06%
Profit attributable to:			
Owners of the Company	**427,646**	153,054	179.41%
Non-controlling interests	**5,990**	12,415	(51.75%)
OTHER COMPREHENSIVE INCOME, NET OF TAX	**184,072**	8,663	2,024.81%
TOTAL COMPREHENSIVE INCOME	**617,708**	174,132	254.74%
EARNINGS PER SHARE:			
Basic and diluted (RMB/share)	**0.16**	0.06	179.41%



SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB thousands)

	As at 31 December 2013	2012	Percentage Change
Total assets	**35,344,849**	32,396,498	9.10%
Total liabilities	**(21,551,913)**	(19,110,873)	12.77%
NET ASSETS	**13,792,936**	13,285,625	3.82%
Equity attributable to owners of the Company	**13,367,526**	12,902,654	3.60%
Non-controlling interests	**425,410**	382,971	11.08%

SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands)

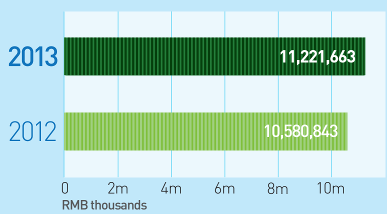
	Year ended 31 December	
	2013	2012
Net cash flows from operating activities	**1,930,049**	2,499,938
Net cash flows used in investment activities	**(6,077,237)**	(2,303,893)
Net cash flows from/(used in) financing activities	**1,838,836**	(1,163,215)
Net decrease in cash and cash equivalents	**(2,308,352)**	(967,170)

SUMMARY OF SEGMENT REVENUE

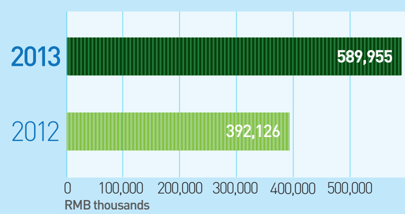
(All amounts in RMB thousands)

	Year ended 31 December		Percentage Change
	2013	2012	
WTG Manufacturing	**11,221,663**	10,580,843	6.06%
Wind Power Services	**589,955**	392,126	50.45%
Wind Farm Investment, Development and Sales	**384,622**	251,957	52.65%
Total	**12,196,240**	11,224,926	8.65%

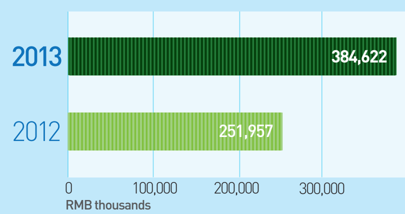
WTG Manufacturing



Wind Power Services



Wind Farm Investment, Development and Sales



Chairman's Letter

Wu Gang | Chairman

Newly installed wind power capacity

3,750.25MW

Revenue from operations

RMB12,196.24 million

Dear Shareholders,

On behalf of the Board, I present to you Goldwind's *2013 Annual Report.*

The global wind power industry faced many challenges in 2013. In contrast, China's environmental policies were more encouraging for the wind power industry and the market environment improved. China's wind farm grid connectivity and curtailment improved in 2013 as the government introduced several encouraging policies, and after two years of industry adjustments, China's wind power industry welcomed a gradual recovery. At the end of 2013, China continued to lead the global market in terms of accumulated installed wind power capacity and wind power continued to be China's third largest energy source, making significant contributions towards restructuring China's energy mix, reducing greenhouse gas emissions and protecting our environment.

Statistics from Chinese Wind Energy Association showed China's newly installed wind power capacity increased 24% to 16.09GW in 2013 from 12.96GW in 2012. In 2013, Goldwind installed 3,750.25MW in China, representing a 23.30% domestic market share, an increase from 19.46% in 2012. This was the third consecutive year that we ranked first in China. As at 31 December 2013, Goldwind's global accumulated installed capacity had exceeded 19GW and installed over 14,000 units of WTGs, distributed across six continents.

Goldwind celebrated its 15th anniversary in 2013. Over these 15 years, we strived to maximise returns for our Shareholders and create value for our customers, maintain our drive for innovation, focus on product quality, increase the value of services that we provide, explore new business models, strengthen our cost control, and expand in international markets. These goals enabled us to gain recognition from our Shareholders, customers and employees. We have built a solid foundation, upon which Goldwind will continue to grow over the long-term.

In 2013, Goldwind's revenue from operations increased 8.65% YoY to RMB12,196.24 million, profit attributable to owners of the Company increased 179.41% YoY to RMB427.65 million, comprehensive gross profit margins increased 5.93 percentage points YoY to 20.12%, and the combined backlog increased 13.94% from the end of 2012 to 7,520.25MW by the end of 2013.

Goldwind continued to explore new opportunities and we implemented a lean management strategy in 2013, which enabled our primary business segments of WTG Manufacturing, Wind Power Services, and Wind Farm Investment, Development and Sales to achieve improved results. Our revenue from WTG Manufacturing increased 6.06% to RMB11,221.66 million and its gross profit margin increased 6.23 percentage points to 19.31%, revenue from Wind Power Services increased 50.45% to RMB589.96 million, and revenue from Wind Farm Investment, Development and Sales increased 52.65% to RMB384.62 million.

Focused on our customers' varied needs, Goldwind strengthened our R&D and manufacturing of specialised WTG models in 2013 which targets low wind speed and high altitude regions. Our 1.5MW DDPM (GW93/1500) ultra-low wind speed WTG model began mass production, the prototype for our 2.5MW DDPM (GW121/2500) low wind speed WTG model was installed, and we completed the development and design of our 1.5MW DDPM (GW115/2000) high altitude WTG model.

Goldwind's specialised models of 1.5MW and 2.5MW DDPM WTGs, being our primary products, were granted several certifications in 2013 by Germany's TÜV NORD and China General Certification Centre in Beijing, indicating more of our specialised products had met domestic and international standards for design, safety and quality.

Goldwind continued to make progress in international markets during 2013. Our WTGs supplied to a wind farm project in Thailand, our first order in Thailand, were successfully connected to the national power grid, our projects in Australia and Panama closed financing deals with international banks, and we successfully entered several emerging markets such as Romania and Bolivia. We are building our overseas track record for our DDPM WTGs which will assist our progress in international markets.

Going forward, as China adjusts its environmental policies in order to provide support for the development of renewable energy and restructure of its energy mix, China's wind power industry will welcome new opportunities in 2014. Although the industry faces further challenges such as grid connection issues and curtailment, the wind industry has recovered from the downturn and is once again experiencing growth. The industry is also continuing to transition from a focus on scale to a focus on profitability, from speed to quality, and from installations to power generation.

Goldwind has become a leading global WTG manufacturer and comprehensive wind power solutions provider. We are also committed to becoming a global leader for discovering and creating value in the green energy industry. We will continue to keep our feet on the ground and improve our profitability and competitiveness through innovation, R&D and by providing top quality products and services and improving our business management. We will strive to improve value for our customers through quality products and provide returns for our Shareholders through better operating performances. In addition, we will continue to develop our overseas businesses, internationalise in terms of technology, market, human resource, capital and management, and solidify our leading position in the global wind power industry.

Importantly, we will abide by laws and regulations in China and abroad, fulfil our corporate social responsibilities and adhere to the highest standards of corporate citizenship. We will provide our employees with a healthy and safe working environment and participate in charitable activities. We will play our part to improve air quality and conserve natural resources for the future.

On behalf of the Board, I would like to express my gratitude to our Shareholders and business partners for your continued support in 2013, and to each of Goldwind's employees for your efforts and outstanding achievements.

Wu Gang
Chairman
Beijing, 21 March 2014

Milestones of 2013

January

Goldwind's 1.5MW DDPM WTG successfully passed the on-site Electromagnetic Compatibility testing conducted by TÜV Rheinland, becoming the first Chinese WTG manufacturer to pass such test.

Goldwind's independently developed 2.5MW DDPM WTG was awarded first place for the "2011 National Energy Technological Advancement Award" by the NEA.

February

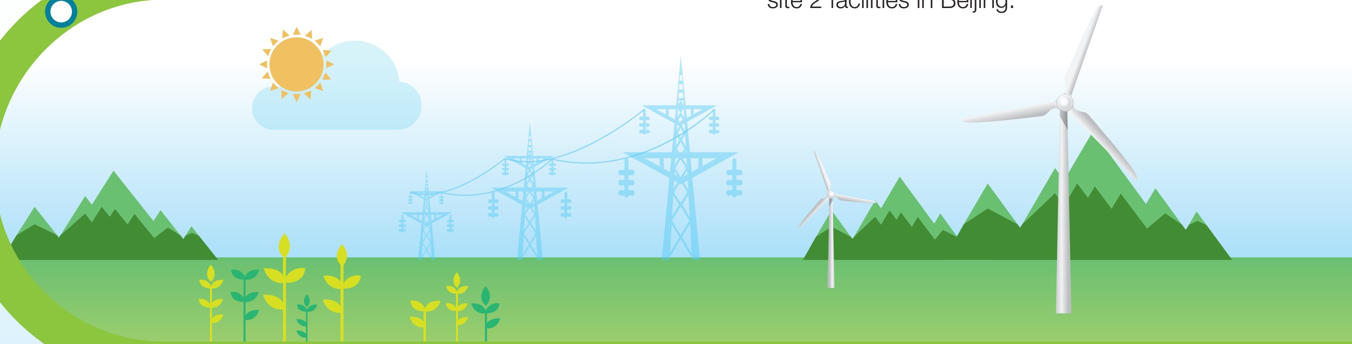
Goldwind's 1.5MW low wind speed model, 2.5MW specialised series models, and independently developed full power converter and permanent magnet alternator were granted ETL Safety certifications by Intertek Group Plc.

March

The Goldwind Renewable Energy Smart Micro-grid Demonstration Project set a new record high in terms of daily power generation since entering into operations in April 2012, generating 36,000kWh in a single day that accounted for 92% of the total power consumption by Goldwind's site 2 facilities in Beijing.

May

Beijing Tianyuan was granted the Accreditation on Laboratory by China National Accreditation Service for Conformity Assessment, making Goldwind the first Chinese WTG manufacturer that has nationally approved vibration testing facilities.

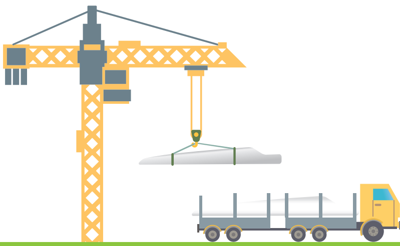


June

Goldwind was awarded the "Quality Award" by the Government of Xinjiang in recognition of our extensive contributions towards the development of Xinjiang's new energy industry.

July

Goldwind's 1.5MW DDPM (GW93/1500) ultra-low wind speed WTG model entered mass production, further assisting our customers to fully exploit low wind speed markets.



Government of Xinjiang Quality Award

December

The first of Goldwind's 2.5MW DDPM WTGs supplied to Romania's Mireasa project was successfully installed, which was the first Chinese WTG that was installed in Romania as well as the Eastern European market.

October

Goldwind participated in the 2013 China Wind Power event held in Beijing and displayed our leading R&D capabilities, products and services, and comprehensive wind power solutions.

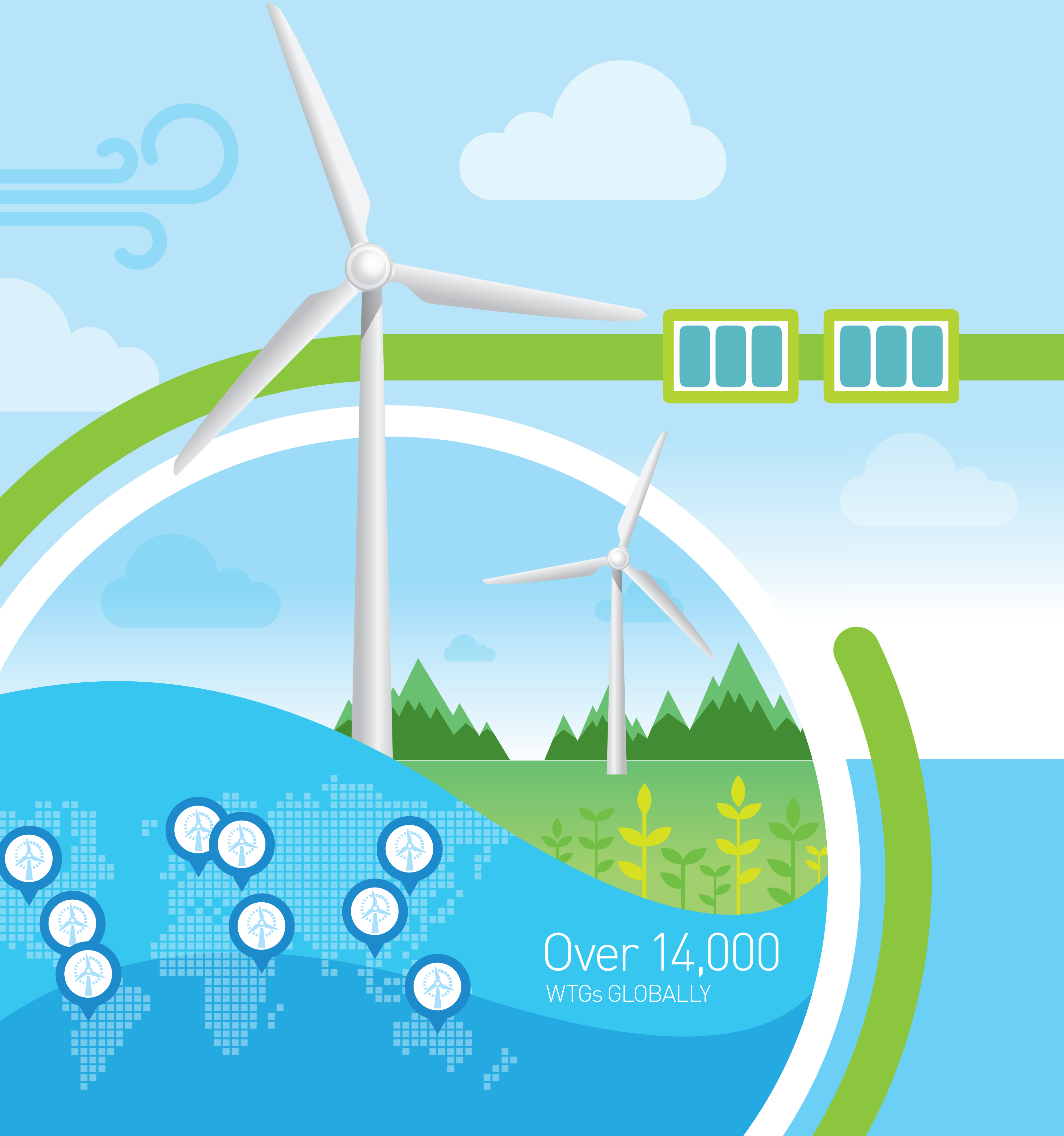
September

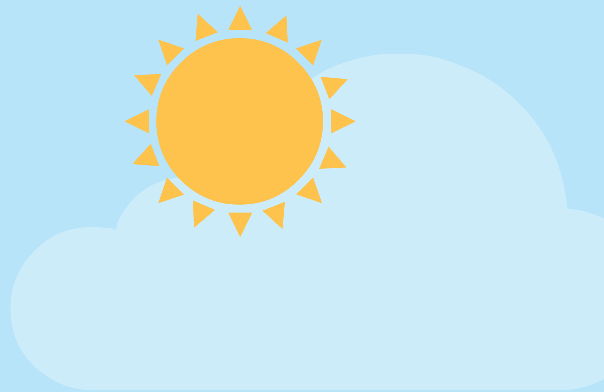
Goldwind achieved the final milestone of GL Garrad Hassan's criteria for "Commercially Proven Status" in North America, which is 100 equivalent WTG years of operation at above 95% availability rate. This is widely regarded in North America as the final threshold to be considered as "financeable".

August

Goldwind's 2.5MW DDPM WTGs at Thailand's Theppana project were successfully connected to the national electricity grid. These were the largest WTGs installed in Thailand and this project was the first commercial wind farm connected to Thailand's national electricity grid.

Management Discussion and Analysis





Lean Management & Technical Innovation

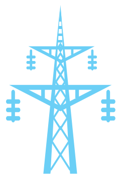
China's power consumption

↗ 7.5%

Global accumulated installed wind power capacity

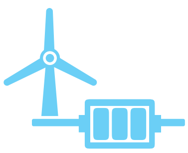
318.14 GW

Management Discussion and Analysis



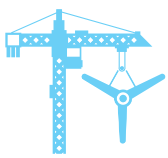
China's power generation capacity

1,247GW



China's power generated by wind energy

134.9 billion kWh



China's newly installed capacity

16.09GW

INDUSTRY REVIEW

The global economy continued to suffer from weak and unstable growth in 2013. Economic restructuring encouraged a gradual recovery among developed nations, kicking off a broader economic recovery. However, there continued to be downward pressures on developing and emerging economies, resulting in a weak and imbalanced global recovery.

China's new generation of leaders took office in 2013 and began to implement the strategies of the 18th National Congress of the Communist Party of China. In line with its key principles and by way of rational macroeconomic regulation and control, the new leaders continued to target faster economic reform while maintaining steady economic growth.

Statistics from China Electricity Council and the NEA showed China's power generation capacity increased in 2013 with 1,247GW of accumulated power generation capacity by the end of the year, representing an increase of 9.2% from the capacity at the end of 2012. China's demand for power also continued to grow in 2013 with domestic power consumption increasing 7.5% YoY to 5,322.3 billion kWh. Power generated by wind energy in 2013 increased 34% YoY to 134.9 billion kWh. Contribution to China's power consumption by wind power in 2013 increased 0.6 percentage points YoY to 2.6%.

Global Wind Power Industry

The *Global Wind Statistics 2013* issued by Global Wind Energy Council showed global accumulated wind power capacity at the end of 2013 increased 12.39% from the capacity at the end of 2012 to 318.14GW, surpassing the 300GW milestone. However, global newly installed capacity in 2013 decreased 21.48% YoY, by approximately 10GW, to 35.47GW, the first time that such a significant decrease has occurred. This was primarily due to a significant decrease in installations in the United States in 2013 affected by its Production Tax Credit.

By the end of 2013, five countries had accumulated wind power capacity exceeding 20GW, of which China's 91.42GW ranked first, United States' 61.09GW ranked second, and Germany's 34.25GW ranked third. China's newly installed capacity of 16.09GW in 2013 also ranked first, representing 45.39% of the global newly installed capacity. In second and third places were Germany's 3.24GW and United Kingdom's 1.88GW, respectively.

China's Wind Power Industry

1. Policy Changes

China is embracing the opportunity to transform its energy industry from quantity- to quality-orientated during the Twelfth Five-Year Plan. Faced with an imminent energy crisis and global climate change, countries around the world are looking towards renewable energy for solutions. Wind power, due to its abundance, economic viability and scalability, has become the centre of attention.

China's current energy mix is heavily reliant on thermal power, which accounted for over 70% of power consumption in 2013. In order to implement strategies of the Twelfth Five-Year Plan and push forward with plans to restructure the energy mix and develop renewable power, the State Council, NEA and other related agencies introduced and implemented further policy changes in 2013 to facilitate the development of wind power and assist the industry's gradual recovery. These policies were related to several aspects of the wind power industry, including regulatory, grid connectivity and consumption, and fiscal support.

Restructure and Decentralisation

In March 2013, the first meeting of the twelfth session of China's National People's Congress proposed the *Scheme on Restructure and Function Transformation of the Institutions of State Council* (國務院機構改革和職能轉變方案) in order to meet China's huge power consumption demands through acceleration of the energy industry's reform and improvement of its regulation. Following implementation of this proposal, responsibilities of the State Electricity Regulatory Commission and the NEA were consolidated. The NEA was restructured and its responsibilities were amended in order to improve the regulatory framework for the energy industry.

In May 2013, the State Council issued the *Decision to Abolish and Decentralise a Batch of Administrative Approval Items* (關於取消和下放一批行政審批項目等事項的決定). Of the 117 approval items that were abolished or decentralised, 12 items, including decentralisation of approvals related to corporate investment in wind farm projects, were energy related, more items than for any other category.

In July 2013, the State Council issued the *Decision to Abolish and Decentralise 50 Administrative Approval Items* (關於取消和下放50項行政審批項目等事項的決定), the second large-scale abolishment or decentralisation of certain approval items. Of the 50 approval items that were abolished or decentralised, seven items, including decentralisation of issuance of electricity business licenses, were energy related.

Management Discussion and Analysis

Assistance for Renewable Energy

In January 2013, the State Council issued the *Notice for Issuance of Energy Development under the Twelfth Five-Year Plan* (關於印發能源發展「十二五」規劃的通知) that clarified the strategies ahead for China's energy industry and proposed for faster development of wind power and other renewable energies. By 2015, contribution to installed power generation capacity by non-fossil fuels shall reach 30% and total capacity of large-scale wind power bases shall reach 79GW. In addition, China shall develop design and production capabilities for 7-10MW large capacity WTGs and related key components, including large size bearing and converter, and realise mass production by 2015.

In September 2013, the State Council issued the *Notice for Issuance of Action Plan for Atmospheric Pollution Prevention* (關於印發大氣污染防治行動計劃的通知) in order to tackle China's worsening atmospheric and environmental pollution problem. This notice proposed that China will push forward with the sustainable development of renewable energies including hydro, geothermal, wind and solar power, and targeted power consumption by non-fossil fuels of 13% by 2017.

Support for Grid Connection

In February 2013, the NEA issued the *Notice for Wind Power Grid Connection and Utilisation in 2013* (關於做好2013年風電並網和消納相關工作的通知). This notice proposed that relevant state agencies and companies of each province, region or city shall focus on wind power consumption and utilisation whereby improvements in utilisation hours shall be a key indicator of their performance, analyse and resolve the curtailment problem, increase research into consumption solutions for resource-rich regions and ensure a steady growth of installations, and strengthen grid construction and improve grid connections.

In March 2013, the NEA issued the *Notice of Preparations for Provision of Clean Heating by Wind Power* (關於做好風電清潔供暖工作的通知). This notice set out requirements for the State Grid Corporation of China that included accelerating power grid construction to assist the development of clean heating through wind power, establishing wind power heating test sites in China's north, northeast and Xinjiang regions, accelerating replacement of coal heating with wind power heating, and improving the reliability of wind power heating projects. This notice also recommended prioritising the use of wind power heating technology for new buildings, supported replacement of coal-fired boilers with wind power technology, and proposed a target of two to three years to significantly improve the curtailment problem.

Fiscal Support

In January 2013, China's State Administration of Taxation issued the *Announcement of Value-added Tax Related Matters for Fiscal Subsidies* (關於中央財政補貼增值稅有關問題的公告). This announcement reiterated that state fiscal subsidies received by taxpayers are not subject to value-added tax in accordance with the current value-added tax policy. Supplementary tariffs on electricity prices for renewable energy are state fiscal subsidies and are not subject to value-added tax.

In February 2013, China's Ministry of Finance, NDRC and NEA jointly issued the *Notice for Announcement of the Catalogue (Fourth Batch) of Renewable Energy Projects for Supplementary Tariffs on Electricity Prices* (關於公佈可再生能源電價附加資金補助目錄(第四批)的通知). The fourth batch of the catalogue included 343 wind power projects totalling 18.92GW in capacity, and all fourth batches announced so far included 1,134 wind power projects totalling 63.88GW in capacity.

In March 2013, China's Ministry of Finance issued the *Notice for Advanced Payment of the Supplementary Tariff on Electricity Prices for Renewable Energy* (關於預撥可再生能源電價附加補助資金的通知). This notice required provincial and independent regional grid companies to use designated funds to pay in advance for relevant expenditures including the purchase of power generated by renewable energy projects included in the aforementioned catalogue in areas covered by each grid company. Tariffs paid to each province in advance totalled RMB14.8 billion, of which tariffs for wind power was the highest, totalling RMB9.314 billion.

In August 2013, the NDRC issued the *Notice of Adjustment to the Supplementary Tariff on Electricity Prices and Related Matters of Renewable Energy* (關於調整可再生能源電價附加標準與環保電價有關事項的通知). In accordance with this notice, as of 25 September 2013, supplementary tariffs for renewable energy to be paid by all consumers, except for household and agricultural production uses, were increased to RMB0.015 per kWh from RMB0.008 per kWh.

Management Discussion and Analysis

2. Industry Developments

Starting in 2011, China's government sought to reform and guide the industry towards sustainability through policy and planning, tackling problems such as low grid connectivity, high curtailment rate and irrational competition. Following more than two years of industry adjustments, China's wind power industry showed signs of recovery in 2013. Newly installed capacity significantly improved, approvals for wind power projects increased, wind curtailment improved, and the State Grid Corporation of China strengthened its construction efforts for China's power grid.

Statistics from Chinese Wind Energy Association showed a 24% YoY increase in newly installed capacity to 16.09GW, bringing China's accumulated installed capacity to 91.42GW by the end of 2013. Wind power continued to be China's third largest energy source, after thermal and hydro power.

Improvement in Approvals

In March 2013, the NEA issued the *Notice for Issuance of the Third Batch of Wind Power Projects Planned for Approval under the Twelfth Five-Year Plan* (關於印發「十二五」第三批風電項目核准計劃的通知). Included in this third batch of planned approvals were 491 projects totalling 27.97GW and four demonstration projects relating to grid connection and consumption totalling 0.75GW. Total capacity planned for approval under this third batch amounted to 28.72GW.

In July 2013, the NEA issued the *Reply to the Construction Plan for Phase II of Hami Wind Power Base* (關於哈密風電基地二期項目建設方案的覆函) that approved the proposed construction plan and added 6GW of new wind power capacity. Including 2GW of capacity approved previously, the total capacity of Hami wind power base has increased to 8GW. This signified the construction of Hami region's national GW-level wind power base has officially begun.

Statistics from the NEA showed China's final newly approved capacity in 2013 increased by more than 20% YoY to 30.69GW.

Grid Construction

The State Grid Corporation of China planned to construct the "3 vertical and 3 horizontal" ultra-high voltage AC transmission grid and a further 11 ultra-high voltage DC transmission lines during the Twelfth Five-Year Plan. Two of these transmission lines were completed in 2013, which were the 1,000kV ultra-high voltage AC transmission project from Huainan to Shanghai and ±800kV ultra-high voltage DC transmission project from Hami to Zhengzhou. By the end of 2013, a total of two 1,000kV AC and five ±800kV DC transmission lines were completed in China.

The government set a target to achieve 30GW of outbound power transmission capacity for Xinjiang by 2015. The ±800kV ultra-high voltage DC transmission project from Hami to Zhengzhou was the first project in accordance with this target. It is also currently China's largest capacity and longest distance transmission project.

Wind Curtailment

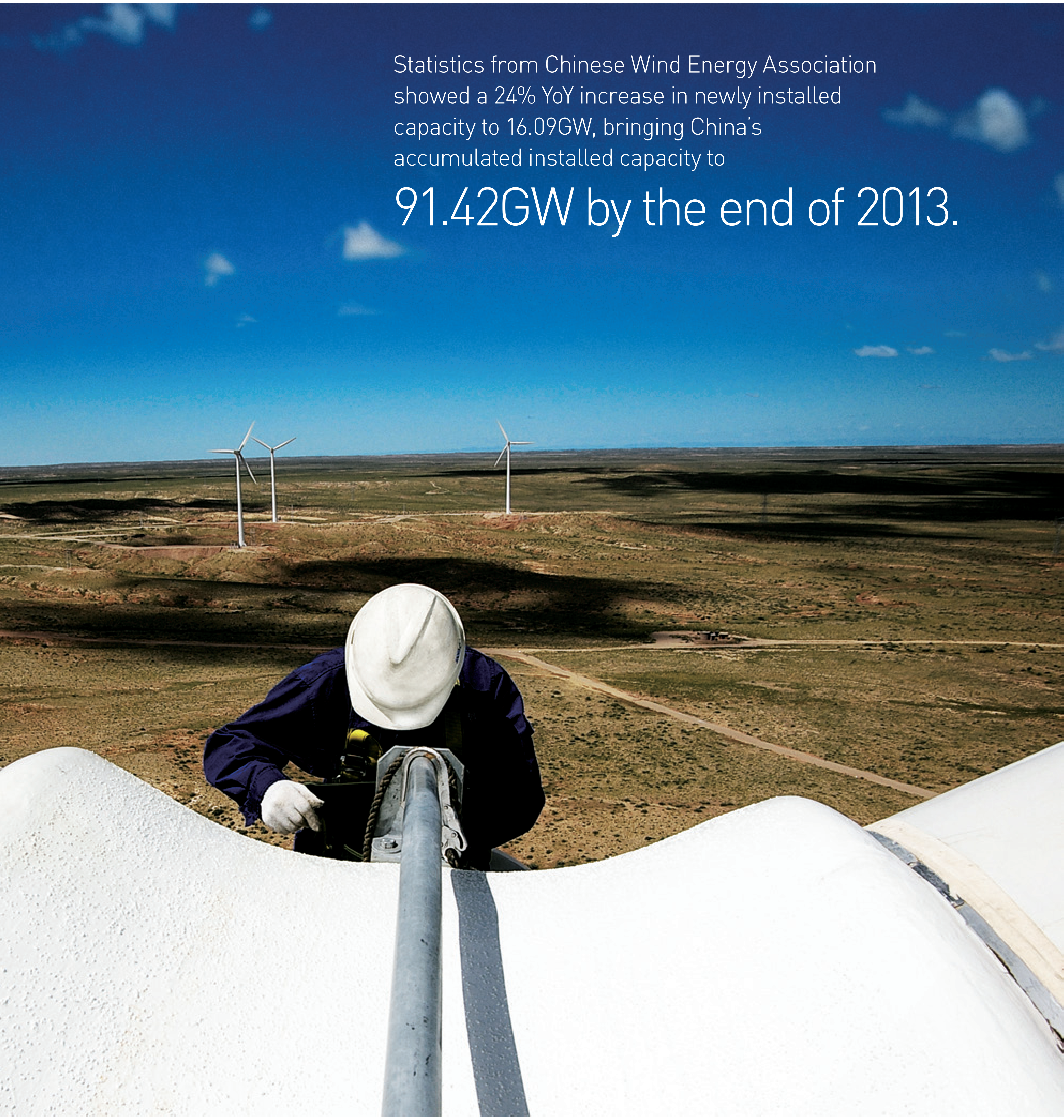
Wind power grid connections and curtailment rate improved during 2013 assisted by policy support from the government and growth in installations in low wind speed regions. Statistics from the NEA showed newly connected capacity in 2013 was 14.49GW, bringing the accumulated connected capacity to 77.16GW by the end of 2013, representing an increase of 23% from the capacity at the end of 2012. Wind power utilisation hours increased by 184 hours YoY to 2,074 hours in 2013 and the curtailment rate decreased from 17% in 2012 to 11%.

China's Three-North region has been the most active area for wind power development. This region has been severely affected by curtailment, but saw improvements in 2013 as grid connectivity and consumption improved. This has supported stronger wind farm utilisation, where in particular, utilisation hours for Gansu increased by 161 hours YoY to 1,806 hours, Jilin saw an increase of 240 hours YoY to 1,660 hours, western Inner Mongolia saw an increase of 266 hours YoY to 2,188 hours, and eastern Inner Mongolia saw an increase of 511 hours YoY to 2,010 hours.

Management Discussion and Analysis

WTG Quality

During 2013, competition between WTG manufacturers in China was no longer solely based on price. Customers placed an increased emphasis on product quality and after-sales services and price was no longer their primary criteria. As the number of installed WTGs increased dramatically over recent years, quality issues also increased in frequency. The quality of a WTG will affect its operating efficiency during its life cycle and is also a key factor in ensuring the sustainable development of the wind power industry. Consequently, WTG manufacturers have become increasingly focused on their quality control.



Statistics from Chinese Wind Energy Association showed a 24% YoY increase in newly installed capacity to 16.09GW, bringing China's accumulated installed capacity to

91.42GW by the end of 2013.

Management Discussion and Analysis

BUSINESS REVIEW

Goldwind continued to operate under our long-term principle of creating value for our customers. Assisted by our extensive industry knowledge and R&D capabilities, we continued to focus on technological and product innovation and strived for sustainable development. We won recognition from our customers at home and abroad for our specialised WTG models, high quality products and excellent services. In addition, Goldwind implemented lean management as a key strategy in 2013 and improved our business management that helped us strengthen our market leading position.

WTG Manufacturing

As a leading comprehensive wind power solutions provider at home and abroad, Goldwind continued to compete with a strategy for long-term development, prioritising product quality and seeking to meet varied demands of all our customers. Despite harsh and volatile market conditions, we increased our R&D efforts, improved our product quality and explored additional potential values in our products and services. Goldwind's excellent product performance record had gained recognition from domestic and overseas markets and our business had expanded to 21 countries across six continents. Goldwind achieved successes in business development, R&D and internationalisation, among other areas, during 2013.

1. Product Manufacturing and Sales

For the financial year ended 31 December 2013, the Group's revenue from sales of WTGs and components was RMB11,221.66 million, an increase of 6.06% YoY. Our realised external sales volume was 2,923.25MW, an increase of 13.16% YoY. The following table provides the details of our WTG sales volumes in 2013 and 2012:

Model	2013		2012		Change in Capacity Sold
	Unit Sold	**Capacity Sold (MW)**	Unit Sold	Capacity Sold (MW)	
2.5MW	**260**	**650.00**	147	367.50	76.87%
1.5MW	**1,508**	**2,262.00**	1,478	2,215.80	2.09%
750kW	**15**	**11.25**	–	–	–
Total	**1,783**	**2,923.25**	1,625	2,583.30	13.16%

Goldwind implemented a lean management strategy throughout the Group in 2013. We set specific management and cost cutting targets and improved our cost control framework. We increased our R&D efforts, accelerated product development and optimisation, and without compromising our product quality, we improved our product design and lowered our costs for manufacturing WTGs. Our average gross profit margin for sales of WTGs in 2013 increased 6.56 percentage points YoY to 20.25%. In addition, we continued to improve our inventory turnover ratio. Our inventories as at 31 December 2013 decreased by 14.50% compared to our inventories as at 31 December 2012.

2. R&D and Certification

Innovation has been the key to Goldwind's competitive advantage and our continued success. In 2013, we strived to further improve our overall competitiveness, consolidate our market position and anticipate market changes. We continued to develop our portfolio of specialised models suited to different environments to meet our customers' demands and further increase our market share in different market segments. Goldwind's 1.5MW DDPM (GW93/1500) ultra-low wind speed WTG model began mass production in 2013 and is operating in line with expectations. The design of our 1.5MW DDPM (GW93/1500) high altitude WTG model has been completed and its prototype is currently applying for Type Certification. In addition, the prototype of our 2.5MW DDPM (GW121/2500) low wind speed WTG model, which has the largest rotor diameter of any 2.5MW WTG in China, has been installed and is undergoing testing.

In order to meet growing demand from low wind speed markets in China, Goldwind developed a 2.0MW DDPM WTG model in 2013 through Integrated Product Development (IPD) and Platform Development. Its first specialised model will have a rotor diameter of 115 metres. It also currently possesses the largest swept area per kW of capacity of any WTG model in the world.

Goldwind continued to invest in the R&D of large capacity WTG models in anticipation of future demand for larger capacity WTGs and offshore wind power. The prototype of our 6.0MW DDPM WTG model has been assembled and in-house testing has been completed.

Goldwind's independently developed 2.5MW DDPM WTG was awarded first place for the "2011 National Energy Technological Advancement Award" in January 2013 by the NEA, which once again demonstrated Goldwind's solid capabilities in R&D and innovation.

Management Discussion and Analysis

In addition to accelerating product development, Goldwind also strengthened our efforts towards achieving domestic and international certifications for our products. Certifications achieved by Goldwind demonstrate our products had met certain domestic and international standards. In 2013, Design Approval and Type Certifications were awarded to several of our products, including 2.5MW DDPM (GW109/2500), 2.5MW DDPM (GW121/2500) and 2.0MW DDPM (GW115/2000) WTG models, by China General Certification Centre in Beijing. In addition, our 2.5MW DDPM (GW109/2500) WTG model was granted the Design Assessment certification by Germany's TÜV NORD.

Goldwind's WTGs continue to gain more and more domestic and international certifications, which is essential to our goal of "technology and product internationalisation". These certifications highlight the strengths of our R&D programme, underscore our products' technological advantages, and will support our further expansion in international markets.

In addition, Goldwind considers our active participation in establishing standards for China's wind power industry as an important responsibility. By the end of 2013, we had participated in establishing a total of 69 standards, which included 32 national standards, 27 industry standards, five association standards, and five regional standards. We also played a leading role in establishing 26 of these standards, which included 11 national standards, 14 industry standards, and one association standard.

3. Business Development

Goldwind's competitive strategy is to focus on providing high quality WTGs to our customers, and it has assisted us to become one of the leading wind power manufacturers in the world. We developed specialised WTGs designed to meet domestic demand, and this strategy has facilitated our technological advancement and strengthened our position in segmented markets. In addition, we continued to pursue our strategy of internationalisation and saw an improvement in our brand awareness and market share in overseas markets.

By the end of 2013, Goldwind's accumulated installed capacity had exceeded 19GW and had over 14,000 units of installed WTGs worldwide, which included more than 9,000 units of 1.5MW and 600 units of 2.5MW DDPM WTGs.

Statistics from MAKE Consulting A/S showed our global newly installed capacity for 2013 represented a market share of 10.3% that ranked second in the world. Statistics from Chinese Wind Energy Association showed our domestic newly installed capacity was 3,750.25MW for the same period, representing a domestic market share of 23.30%. This was the third consecutive year that we ranked first in China.

The following table provides the details of Goldwind's backlog of orders as at 31 December 2013:

Unit: MW

Model	Under Contract	Awaiting Contract	Combined Backlog
3.0MW	21.00	198.00	219.00
2.5MW	540.00	637.50	1,177.50
2.0MW	–	150.00	150.00
1.5MW	2,796.00	3,171.00	5,967.00
750kW	6.75	–	6.75
Total	**3,363.75**	**4,156.50**	**7,520.25**

There were 393.00MW in capacity of overseas orders included in Goldwind's combined backlog. Of all order executed in 2013, 58% were orders under contract as at the end of 2012 and 42% were new orders under contract signed in 2013.

Management Discussion and Analysis

4. Quality Control

Goldwind continued to improve our quality control in 2013. We set specific targets and subsequently established plans of action and key performance indicators. We reviewed our quality control policies and procedures, and established an information platform for quality and safety. In addition, we thoroughly inspected and ensured actual products purchased from our suppliers and their technical specifications were consistent with previously agreed benchmark requirements. These efforts provided considerable support towards improving our quality control and helping us to provide excellent quality products to our customers.

Goldwind was awarded the inaugural "The Government of Xinjiang Uygur Autonomous Region of China Quality Award" in June 2013 by the Government of Xinjiang in recognition of our extensive contributions towards the development of Xinjiang's new energy industry. This is the most prestigious quality award given by the Government of Xinjiang.

The research report by Chinese Wind Energy Association in October 2013 into the operating quality of WTGs installed in China showed Goldwind ranked in the top two in terms of maximum WTG availability rate, lowest failure frequency, and shortest average failure recovery time. This once again demonstrated the excellent quality of Goldwind's products and services.

Wind Power Services

Provision of comprehensive wind power solutions has always been Goldwind's business target. Our comprehensive services include pre-construction consulting services such as site selection and wind resource assessment, construction services such as EPC and project consulting, and post-construction services such as operations and maintenance, component repairs and software products. Our services cover every stage of the life cycle of a wind farm project, ensuring WTGs' operating performance and maximising value for our customers.

Beijing Tianyuan was granted the Accreditation on Laboratory by China National Accreditation Service for Conformity Assessment, becoming the first wind power services provider to receive the Accreditation on Laboratory for WTG vibration testing. The testing centre of Beijing Tianyuan has been included in its list of accredited institutions, signifying it has the technical capability to conduct testing in accordance with international standards and testing results are recognised by accreditation bodies in countries that have signed mutual recognition arrangements.

For the financial year ended 31 December 2013, the Group's revenue from Wind Power Services was RMB589.96 million, an increase of 50.45% YoY. This was mainly attributed to growths for our comprehensive services, SCADA platforms, and operations and maintenance services.

Management Discussion and Analysis

Wind Farm Investment, Development and Sales

Wind Farm Investment is one of Goldwind's key business segments. Through our highly efficient project development team, solid investment and financing capabilities, excellent project management, and professional wind farm operations and maintenance services, we have obtained several approved projects distributed across China, including Inner Mongolia, Xinjiang, Ningxia, Gansu, Hebei, Shanxi, and northeast and eastern regions.

Goldwind sold all or part of the equity interests of two wind farm subsidiaries in 2013, with a combined attributable installed capacity of approximately 134.75MW. As at 31 December 2013, the Group had 1,777.00MW of installed capacity of completed wind farms, of which 1,305.58MW was attributable installed capacity. The capacity of wind farms still under construction as at 31 December 2013 was 567.00MW, of which 552.55MW was attributable capacity.

For the financial year ended 31 December 2013, the Group's revenue from power generation was RMB384.62 million, an increase of 52.65% YoY. Investment income from sales of wind farms was RMB133.86 million, a decrease of 48.42% YoY.

International Business

Goldwind was one of China's first wind power manufacturers to expand into international markets. Although China is our core market, we also invested more resources towards expanding our international business in 2013. Guided by our "internationalisation through localisation" strategy, we achieved considerable successes in 2013 particularly in Australia, Panama, Cuba and Romania, and we continued to make progress in other regions such as Asia and Africa. Goldwind's products expanded to Thailand and Romania for the first time. Three of our 2.5MW DDPM low wind speed WTG models were supplied to Thailand's Theppana wind farm and were successfully connected to the national power grid. These were the largest WTGs installed in Thailand and this project was the first commercial wind farm connected to Thailand's national power grid. We supplied 20 units of our 2.5MW DDPM WTG to the Mireasa project in Romania and the first of these WTGs has been installed. In addition, we won an order for 51MW of our WTGs from Cuba.

After several years of developing our international business, the Goldwind brand, our high quality products and comprehensive services have gained brand recognition in many international markets. We won 314.75MW in capacity of overseas orders in 2013 and installed 237.00MW in capacity of WTGs in overseas markets. By the end of 2013, we had executed a total of 777.80MW in capacity of overseas orders.

For the financial year ended 31 December 2013, the Group's revenue from international business was RMB1,361.39 million, which accounted for 11.16% of our revenue from operations.

Management Discussion and Analysis

Major Subsidiaries

As at 31 December 2013, the Company had 107 subsidiaries, which included 16 directly owned subsidiaries and 91 indirectly owned subsidiaries. In addition, we had seven joint ventures, 12 associates and held 12 unlisted equity investments categorised as available-for-sale investments. Such subsidiaries were categorised 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 key financial information of principal subsidiaries of the Company (reported in accordance with CASBE), other information are set out in note 18 to the Financial Statements:

As at 31 December 2013
Unit: RMB

No.	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Total Equity Attributable to the Company	Revenue of Principal Businesses	Net Profits Attributable to the Company
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,000.00	4,036,529,468.67	1,302,030,841.74	3,499,217,764.79	248,537.37
2	Vensys Energy AG	€5 million	1,087,316,905.27	617,173,353.78	537,401,225.41	26,117,783.20
3	Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd.	8,860.00	970,474,309.04	180,826,140.15	472,207,144.05	20,957,717.41
4	Jiangsu Goldwind Wind Technology Co., Ltd.	75,961.00	1,027,793,662.68	864,640,275.56	441,388,388.35	26,861,703.01
5	Beijing Techwin Electric Co., Ltd.	10,000.00	942,076,256.93	297,109,096.83	2,122,791,236.41	133,875,720.09
6	Beijing Tianrun New Energy Investment Co., Ltd.	120,000.00	10,605,581,825.17	1,654,416,930.56	333,958,902.36	59,558,444.73
7	Goldwind Investment Holding Co., Ltd.	100,000.00	1,093,431,358.06	1,057,197,435.68	–	17,087,511.05
8	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.	20,000.00	1,591,509,376.49	273,531,510.02	1,428,027,192.99	28,475,132.40

Use of Proceeds

1. Use of H Share Proceeds

The Company conducted the initial public offering of its H Shares and had its H Shares listed on the main board of the Stock Exchange in October 2010. According to the *Capital Verification Report* issued by Ernst & Young Hua Ming (now known as Ernst & Young Hua Ming LLP), the net proceeds of the H Shares offering were the equivalent of RMB6.754 billion in HKD. According to the proposed use of the H Shares offering proceeds, 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 2013, the accumulated used proceeds were the equivalent of RMB5.906 billion in HKD and the unused proceeds were the equivalent of RMB0.848 billion in HKD. The use of the Company's H Share proceeds is as follows:

As at 31 December 2013
Unit: RMB million

Proceed Projects	Planned Investment	Actual Investment	Unused Amount
Construction of production base and optimisation of business operations	2,715	2,455	260
R&D of WTGs and components	986	422	564
International business	1,972	1,948	24
Bank loan repayment	411	411	–
General working capital	670	670	–
Total	6,754	5,906	848

2. Use of A Share Proceeds

The Company conducted the initial public offering of its A Shares and had its A Shares listed on the Small and Medium-sized Enterprise Board of the SZSE in December 2007. According to the *Capital Verification Report* issued by Wuzhou Songde Accountants Firm on 19 December 2007, the net proceeds of the A Shares offering were RMB1.745 billion. As at 31 December 2013, the accumulated used proceeds were RMB1.745 billion, meaning all proceeds have been used. The use of the Company's A Share proceeds is as follows:

As at 31 December 2013
Unit: RMB million

Proceed Projects	Planned Investment	Actual Investment	Unused Amount
Capacity Expansion			
Beijing MW-level WTG high technology industrialisation project	150.00	150.00	–
Xinjiang MW-level WTG capacity expansion project	461.00	461.00	–
Inner Mongolia MW-level DDPM WTG industrialisation project	127.00	127.00	–
Nanjing MW-level WTG industrialisation project	0	0	–
Jiangsu Dafeng Offshore WTG R&D and manufacturing base	89.61	89.61	–
R&D Projects			
1.5MW WTG series	128.00	128.00	–
2.5MW DDPM WTG	160.00	160.00	–
3MW hybrid PM WTG	232.00	232.00	–
6MW DDPM WTG	75.45	75.45	–
Testing laboratory	40.00	40.00	–
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	100.00	100.00	–
Goldwind Damao National Demonstration Wind Farm	100.00	100.00	–
Total	1,744.66	1,744.66	–

Management Discussion and Analysis

Human Resource Management

As at 31 December 2013, the Group had a total of 4,191 employees, categorised as follows:

Item	Category	Number of Staff	Percentage of Total
Profession	Technical	726	17.32%
	Production	1,084	25.86%
	Sales	260	6.20%
	Services	1,158	27.63%
	Management	815	19.45%
	Finance	148	3.53%
	Total	4,191	–
Education Level	Master and above	475	11.33%
	Bachelor	1,821	43.45%
	College	1,269	30.28%
	Below College	626	14.94%
	Total	4,191	–

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. 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 Financial Statements, including the relevant notes, set out in this report.

Summary

For the financial year ended 31 December 2013, revenue from operations for the Group was RMB12,196.24 million, representing an increase of 8.65% compared with RMB11,224.93 million for the financial year ended 31 December 2012. Profit attributable to owners of the Company was RMB427.65 million, representing an increase of 179.41% compared with RMB153.05 million for the financial year ended 31 December 2012. The Group reported basic earnings per share of RMB0.16.

Revenue

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

For the financial year ended 31 December 2013, revenue from operations for the Group was RMB12,196.24 million, representing an increase of 8.65% compared with RMB11,224.93 million for the financial year ended 31 December 2012. Details are set out below:

Unit: RMB thousand

	Year ended 31 December		Amount Change	Percentage Change
	2013	2012		
WTG Manufacturing	**11,221,663**	10,580,843	640,820	6.06%
Wind Power Services	**589,955**	392,126	197,829	50.45%
Wind Farm Investment, Development and Sales	**384,622**	251,957	132,665	52.65%
Total	**12,196,240**	11,224,926	971,314	8.65%

The Group's revenue from operations increased mainly due to a recovery for China's wind power industry in 2013 which led to increased sales of our WTGs and components. Our revenue from Wind Power Services and Wind Farm Investment, Development and Sales also significantly increased YoY in 2013 due to expanded businesses within these segments.

Management Discussion and Analysis

Cost of Sales

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

The following table provides a breakdown of the Group's cost of sales:

Unit: RMB thousand

	Year ended 31 December		Amount Change	Percentage Change
	2013	2012		
Raw materials and components	**8,858,621**	8,361,234	497,387	5.95%
Labour	**139,945**	118,189	21,756	18.41%
Depreciation and amortisation	**160,943**	160,911	32	0.02%
Other production costs	**666,353**	488,963	177,390	36.28%
Changes in inventories and transferred assets	**(83,899)**	503,303	(587,202)	(116.67%)
Total	**9,741,963**	9,632,600	109,363	1.14%

The following table provides a breakdown of the Group's cost of sales by business segments:

Unit: RMB thousand

	Year ended 31 December		Amount Change	Percentage Change
	2013	2012		
WTG Manufacturing	**9,054,962**	9,196,400	(141,438)	(1.54%)
Wind Power Services	**548,069**	314,959	233,110	74.01%
Wind Farm Investment, Development and Sales	**138,932**	121,241	17,691	14.59%
Total	**9,741,963**	9,632,600	109,363	1.14%

The Group achieved lower costs for WTG manufacturing in 2013 through cost control and product optimisation. Our costs for Wind Power Services increased in 2013 as a result of its expanded businesses.

Gross Profit

Unit: RMB thousand

	Year ended 31 December 2013	2012	Amount Change	Percentage Change
WTG Manufacturing	**2,166,701**	1,384,443	782,258	56.50%
Wind Power Services	**41,886**	77,167	(35,281)	(45.72%)
Wind Farm Investment, Development and Sales	**245,690**	130,716	114,974	87.96%
Total	**2,454,277**	1,592,326	861,951	54.13%

The Group's gross profit was derived primarily from WTG Manufacturing.

For the financial years ended 31 December 2012 and 2013, the Group's comprehensive gross profit margins were 14.19% and 20.12%, respectively, and the gross profit margins for WTG Manufacturing were 13.08% and 19.31%, respectively. The following table sets out the gross profit margins for our WTGs (prepared in accordance with CASBE):

Gross Profit Margin	Year ended 31 December 2013	2012	Change (percentage points)
2.5MW	**20.47%**	12.60%	7.87
1.5MW	**20.19%**	13.92%	6.27
750kW	**16.36%**	–	–

The Group's 1.5MW WTG continued to be our main product, representing 74.51% of our revenue from sales of whole WTGs in 2013. However, we sold significantly more 2.5MW WTGs in 2013 as China's demand for larger capacity WTGs gradually increased.

For the financial year ended 31 December 2013, the gross profit margin for the Group's 1.5MW and 2.5MW WTGs increased by 6.27 and 7.87 percentage points YoY, respectively, mainly due to lower procurement expenses for certain components and product optimisation.

Other Income and Gains

The Group's other income and gains primarily consisted of gains from the sale of wind farms in Wind Farm Investment, Development and Sales (including previously unrealised gains resulting from the sale of wind power equipment installed in such wind farms), bank interest income, insurance compensation on product warranty expenditures, gross rental income, and government grants received for our R&D projects and upgrades of our production facilities.

Other income and gains of the Group for the financial year ended 31 December 2013 was RMB419.02 million, representing a 28.44% decrease from RMB585.55 million for the financial year ended 31 December 2012. This was mainly attributed to our decreased gain on disposals of subsidiaries, including wind farm project companies, and gain on disposals of investments in joint ventures.

Management Discussion and Analysis

Selling and Distribution Costs

The Group's selling and distribution costs primarily consisted of product warranty provisions, transportation costs, insurance expenses, bidding service fees, labour costs, loading and unloading fees, and travel expenses.

Selling and distribution costs of the Group for the financial year ended 31 December 2013 was RMB1,202.41 million, representing a 37.19% increase from RMB876.46 million for the financial year ended 31 December 2012. This was mainly attributed to our increased transportation costs and product warranty provisions associated with our increased sales.

Administrative Expenses

The Group's administrative expenses primarily consisted of R&D expenses, labour costs, taxes, depreciation, consultation fees, and travel expenses.

Administrative expenses of the Group for the financial year ended 31 December 2013 was RMB839.15 million, representing a 17.74% increase from RMB712.74 million for the financial year ended 31 December 2012. This was mainly attributed to our increased employee remunerations as a result of our improved business and human resource management.

Other Expenses

The Group's other expenses primarily consisted of banking administration fees, foreign exchange losses, and impairment provisions accrued in connection with our trade and bills receivables.

Other expenses of the Group for the financial year ended 31 December 2013 was RMB154.48 million, representing a 40.53% increase from RMB109.93 million for the financial year ended 31 December 2012. This was mainly attributed to our increased provisions for impairment of certain assets.

Finance Costs

Finance costs of the Group for the financial year ended 31 December 2013 was RMB319.81 million, representing an 18.44% decrease from RMB392.13 million for the financial year ended 31 December 2012. This was mainly attributed to our decreased interest expenses for borrowings as our average balance of outstanding loans during the year decreased.

Income Tax Expense

Income tax expense of the Group for the financial year ended 31 December 2013 was RMB71.91 million, representing a 73.76% increase from RMB41.39 million for the financial year ended 31 December 2012. This was mainly attributed to our increased profit before tax.

Capital Expenditures

Capital expenditures of the Group for the financial year ended 31 December 2013 was RMB5,926.61 million, representing a 81.77% increase from RMB3,260.45 million for the financial year ended 31 December 2012. Our primary sources of finance for capital expenditure included bank loans and cash flows from operations of the Group.

Financial Resources and Liquidity

Unit: RMB thousand

Cash Flow Statement	Year ended 31 December 2013	2012
Net cash flows from operating activities	**1,930,049**	2,499,938
Net cash flows used in investing activities	**(6,077,237)**	(2,303,893)
Net cash flows from/(used in) financing activities	**1,838,836**	(1,163,215)
Net decrease in cash and cash equivalents	**(2,308,352)**	(967,170)
Cash and cash equivalents at beginning of year	**6,604,328**	7,554,630
Effect of foreign exchange rate changes, net	**(19,675)**	16,868
Cash and cash equivalents at end of year	**4,276,301**	6,604,328

1. Cash flows from operating activities

The Group's net cash flows from operating activities primarily consisted of profit before tax, adjusted for non-cash items, movements in working capital, and other income and gains.

Net cash flows from operating activities of the Group for the financial year ended 31 December 2013 was RMB1,930.05 million. Cash inflows were principally comprised of profit before tax of RMB505.55 million, adjusted for a RMB319.81 million increase in finance costs, a RMB471.68 million decrease in inventories (as a result of stricter inventories management and increased sales during the year), a RMB850.83 million increase in trade and bills payables (due to the Group paying expenses through bills payable more at the end of the year in order to increase cash flow), and a RMB242.78 million increase in provision. These cash inflows were offset by a RMB453.14 million decrease in trade and bills receivables.

Net cash flows from operating activities of the Group for the financial year ended 31 December 2012 was RMB2,499.94 million. Cash inflows were 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 payables (due to the Group paying expenses through bills payable more at the end of the year in order to increase cash flow). These cash inflows were offset by a RMB244.08 million decrease in gain on disposals of subsidiaries.

Management Discussion and Analysis

2. Cash flows used in investing activities

The Group's net cash flows used in investing activities primarily consisted of purchases of items of property, plant and equipment, acquisition of subsidiaries, pledged deposits, non-pledged time deposits with original maturity of three months or more when acquired, and purchases of available-for-sale investments.

Net cash flows used in investing activities of the Group for the financial year ended 31 December 2013 was RMB6,077.24 million. Cash outflows were principally comprised of purchases of items of property, plant and equipment of RMB6,171.11 million, and purchases of available-for-sale investments of RMB90.30 million. These cash outflows were offset by a RMB79.04 million inflow from disposal of shareholding in joint ventures and other entities, and a RMB83.91 million inflow from gain on disposal of available-for-sale investments.

Net cash flows used in investing activities of the Group for the financial year ended 31 December 2012 was RMB2,303.89 million. Cash outflows were principally comprised of purchases of items of property, plant and equipment of RMB2,585.79 million, and purchases of available-for-sale investments of RMB275.40 million. These cash outflows were offset by a RMB446.66 million inflow from disposals of subsidiaries (net of cash disposed of).

3. Cash flows from used in financing activities

The Group's net cash flows from financing activities primarily consisted of new bank loans. Our net cash flows used in financing activities primarily consisted of repayment of bank loans and dividend paid to owners of the Company.

Net cash flows from financing activities of the Group for the financial year ended 31 December 2013 was RMB1,838.84 million. Cash inflows were principally comprised of new bank loans of RMB3,539.40 million. These cash inflows were offset by RMB1,048.62 million in repayment of bank loans, RMB452.72 million in interest paid, and RMB148.20 million in dividend paid to owners of the Company.

Net cash flows used in financing activities of the Group for the financial year ended 31 December 2012 was RMB1,163.22 million. Cash inflows were principally comprised of new bank loans and corporate bond of RMB5,614.25 million. These cash inflows were offset by RMB6,360.71 million in repayment of bank loans, RMB311.18 million in interest paid, and RMB134.73 million in dividend paid to owners of the Company.

Financial Position

As at 31 December 2013 and 2012, the Group's total assets were RMB35,344.85 million and RMB32,396.50 million, respectively, current assets were RMB20,268.01 million and RMB23,573.34 million, respectively, percentage of current assets to total assets were 57.34% and 72.77%, respectively, and non-current assets were RMB15,076.84 million and RMB8,823.15 million, respectively.

As at 31 December 2013 and 2012, the Group's total liabilities were RMB21,551.91 million and RMB19,110.87 million, respectively, current liabilities were RMB12,513.00 million and RMB12,266.40 million, respectively, and non-current liabilities were RMB9,038.92 million and RMB6,844.47 million, respectively.

As at 31 December 2013 and 2012, the Group's net current assets were RMB7,755.01 million and RMB11,306.94 million, respectively, and net assets were RMB13,792.94 million and RMB13,285.63 million, respectively.

As at 31 December 2013 and 2012, the Group's cash and cash equivalents were RMB4,320.75 million and RMB6,817.93 million, respectively, and interest-bearing bank loans and other borrowing were RMB7,964.80 million and RMB6,105.12 million, respectively.

Interest-bearing Bank Loans and Other Borrowing

As at 31 December 2013, the amount of the Group's interest-bearing bank loans was RMB4,975.86 million, including bank loans repayable within one year of RMB570.71 million, in the second year of RMB344.50 million, in the third to fifth years of RMB1,790.12 million, and above five years of RMB2,270.53 million. In addition, as at 31 December 2013, the amount of the Group's corporate bond repayable in the second year was RMB2,988.94 million. Details are set out in note 31 to the Financial Statements.

Capitalisation of Interest

As at 31 December 2013, the Group's interest expenses capitalised in accordance with IFRSs to property, plant and equipment was RMB137.53 million.

Reserves

As at 31 December 2013, the Company's distributable reserves to Shareholders was RMB905.93 million. This was the lower figure calculated in accordance with CASBE and IFRSs. Details are set out in note 35 to the Financial Statements.

Restricted Assets

As at 31 December 2013, certain assets of the Group with a total carrying value of RMB5,490.33 million were restricted in order to secure certain bank loans and other banking facilities. Such assets included bank deposits of RMB400.58 million, trade and bills receivables of RMB379.36 million, property, plant and equipment of RMB4,687.35 million, and prepaid land lease payments of RMB23.04 million. Certain mortgaged and pledged assets were re-categorised under assets of a disposal group classified as held for sale during the year.

As at 31 December 2012, certain assets of the Group with a total carrying value of RMB3,280.68 million were restricted in order to secure certain bank loans and other banking facilities. Such assets included bank deposits of RMB376.05 million, trade and bills receivables of RMB268.33 million, property, plant and equipment of RMB2,622.97 million, and prepaid land lease payments of RMB13.33 million. Certain mortgaged and pledged assets were re-categorised under assets of a disposal group classified as held for sale during the year.

Gearing Ratio

As at 31 December 2013 and 2012, the Group's gearing ratios were 52.10% and 41.73%, respectively. Details are set out in note 43(e) to the Financial Statements.

Contingent Liabilities

The Group's contingent liabilities primarily consisted of letters of credit issued, letters of guarantee issued, guarantees given to a bank in connection with a bank loan granted to a joint venture or third party, and compensation arrangements.

As at 31 December 2013 and 2012, the Group's contingent liabilities were RMB7,538.11 million and RMB6,709.51 million, respectively. Details are set out in note 37 to the Financial Statements.

Management Discussion and Analysis

OUTLOOK FOR 2014

Industry Outlook

1. Industry Overview

Despite global newly installed wind power capacity decreasing by 21.48% to 35.47GW in 2013 primarily due to a significant decrease in installations in the United States, Global Wind Energy Council's *Market Forecast for 2013-2017* expected a strong recovery in 2014. The global wind market was forecasted to achieve an average market growth of more than 11% between 2014 and 2017, reaching approximately 61GW of newly installed capacity in 2017. Accumulated installed capacity was expected to reach approximately 536GW by the end of 2017 from 318.14GW at the end of 2013.

In January 2014, the NEA issued the *Notice for Issuance of Work Guidance for Energy in 2014*（關於印發2014年能源工作指導意見的通知）. This notice proposed to push forward with the development of hydro, wind, solar and other renewable energies, and maintain the broader focus on both concentrated and distributed development. It also proposed to push forward with the development of large wind power bases and related power grid construction, clarify relevant parameters for wind power consumption, and improve wind curtailment problems in areas including Jiuquan, Western Inner Mongolia, Eastern Inner Mongolia, northern Hebei, Jilin, Heilongjiang, Shandong, Hami, and Suzhou. In addition, it proposed to introduce, improve and implement administration rules relating to the renewable portfolio standard and purchase of renewable power, gradually lower the cost of wind power and target 2020 to be price competitive with thermal power. The NEA announced a target of 18GW for China's newly installed wind power capacity in 2014.

In February 2014, the NEA issued the *Notice for Issuance of the Fourth Batch of Wind Power Projects Planned for Approval under the Twelfth Five-Year Plan*（關於印發「十二五」第四批風電項目核准計劃的通知）. Total capacity planned for approval under this fourth batch amounted to 27.60GW, of which the capacity for China's central, eastern and southern regions continued to increase, accounting for approximately 60% of total capacity under this fourth batch.

2. Market Development

China's wind power industry experienced several changes in 2013 and its transition from quantity- to quality-orientated development became clearer. Competition became more rational, the manufacturing industry continued to consolidate, and manufacturers became more focused on improving their core competitive strengths that included strengthening R&D, developing new products and exploiting new markets. China's wind power industry showed signs of recovery in 2013. However, manufacturers' profitability continued to be weak.

China clarified its strategy of a broader focus on both concentrated and distributed development according to its distribution of wind resources and current industry developments. Low wind speed regions are gradually becoming key growth markets for manufacturers. Customers' increased demands for products' economic viability, reliability and after-sales services are facilitating manufacturers' increased investment towards R&D and quality of products and services. In addition, there will be new opportunities for the operations and maintenance market as warranty for large numbers of WTGs begin to expire. The continued improvements in industry standards will further increase barriers to entry and facilitate consolidation, guiding the wind power industry towards rational competition and sustainable growth.

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 brought by the wind power industry's development and competitive environment, we will maintain our push for technological, business, and management innovation. We will continue to strengthen our advantages in WTG R&D, manufacturing, sales and services, accelerate our reach into sectors along the wind power value chain where there are more value and potential, and provide our customers with comprehensive wind power solutions that include WTGs, wind power services, and wind farm development. We will also continue to strengthen our global reach, 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 and pursue the development of wind and solar power generation, smart micro-grids, environmentally friendly and energy saving solutions, and other related areas. Backed by our resources and competitive advantages, we will seek to nurture our new business models including power electronics and comprehensive power, lead the future development of wind and solar power, and strive towards sustainable growth.

Operations Plan and Major Targets

1. Strengthen R&D

Goldwind is committed to creating value for our customers. We will continue to focus on improving and upgrading our 1.5MW and 2.5MW series models and strengthen R&D and testing for our 2.0MW and 6.0MW WTGs. We will seek to meet customised demands of our customers by continuing to improve and expand our product portfolio.

2. Brand and Value Marketing

Goldwind will continue to seek to improve our brand awareness, explore other strategic markets and increase our sales and distribution channels. We will draw on our extensive industry experience and technological advantages to improve our products and strengthen our services support. We will seek to demonstrate our brand and value and continue to expand into international markets.

3. Improve Services

Goldwind will strive to improve the Wind Power Service's overall competitiveness. We will seek to improve our services for WTGs under warranty, expand into the services market for WTGs not under warranty, and strengthen our other businesses including those relating to components and software.

4. Lean Management

Goldwind will continue to implement our strategy of lean management and seek to improve our efficiency through integrating business management and informationalisation. We will strive to improve our products' competitiveness through our strategies, improve our reliability and safety, and strengthen our core competitiveness.

5. Strengthen Financial Management

Goldwind will strive to improve our asset structure, accelerate turnover of our capital, strengthen our cost accounting, and set achievable targets and monitor progress of implementation.

Management Discussion and Analysis

Risk Factors

1. Competition

Recent industry statistics showed that the aggregate market share of the top five manufacturers in China has been decreasing in recent years, meaning the competitive landscape has become more fragmented and fierce competition continues to exist. However, the focus of competition is shifting away from price to the quality of products, technology and services. China has the largest wind power market in the world and showed signs of recovery in 2013. Competition will continue to be fierce going forward and manufacturers are faced with further challenges ahead. These factors may affect Goldwind's market share going forward.

2. Connection and Consumption

China's wind power grid connection and consumption improved in 2013, however, the problem has not been eradicated. Construction of China's power grid still lacks behind the development of wind power and China's energy mix continues to be unbalanced. The NEA issued several policies to tackle these problems, improve wind power development, and push forward with the construction of the power grid. However, before these problems can be effectively resolved, they will continue to affect the development of wind power.

3. State Policies

Development of China's wind power industry is closely related to the government's policies. The industry continues to develop with further potential for improvement in terms of technology, industry standards and grid construction among other aspects. Going forward, changes in state policies may affect the development of China's wind power industry.

CORE COMPETITIVE ADVANTAGES

Market Position

Goldwind is one of the oldest WTG manufacturers in China. After more than ten years of development, we have gradually matured into a leading domestic manufacturer and 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 manufacturing industry and is also the largest DDPM manufacturer in the world. We have sustained our market leadership for many years.

Products and Technology

Goldwind's DDPM WTGs are known for their superior performance that include high efficiency, low operations and maintenance costs, are grid-friendly and have a high availability rate. Our products are widely recognised by our customers and are a guiding force for the development of global wind power technology. We have major R&D centres in Germany and Beijing and nearly a thousand seasoned R&D personnel with extensive industry experience, contributing to the advancement of our products and technology. We have developed a diversified product portfolio, including specialised WTGs for different geological and climatic conditions to satisfy the customised demands of our customers, and prepared our 6.0MW DDPM WTG model for our future offshore market. The development and marketing of these products have secured our market coverage. We currently have a substantial backlog of orders, demonstrating Goldwind's ability to ensure and increase our foreseeable revenue, and that the superior quality of our products is widely recognised by the market.

Brand Awareness

After several years of development, Goldwind has successfully established our brand and continued to improve our brand awareness through our products' advanced technology, superior quality, high efficiency, and excellent after-sales services. We have gained substantial recognition from the government, our customers, business partners, and investors.

Comprehensive Wind Power Solutions

Goldwind maintained our drive to solidify our position as a leading comprehensive wind power solutions provider through our advanced technology, products, and our extensive experience in wind farm development, construction and operations and maintenance. In addition to our sales of WTGs, we continued to expand our alternative profit models that included wind farm development and sales and wind power services. Over the past few years, these businesses became highly profitable and became an important compliment for our continued growth. We successfully overcame the challenges posed by the market and strengthened our overall competitiveness and improved our diversified competitive advantages.

Internationalisation

Goldwind was one of China's first wind power manufacturers to expand into international markets and we have continued to pursue our internationalisation strategy. Through our principle of "internationalisation through localisation", we achieved several breakthroughs in our key target markets that include the Americas, Australia and Europe, and we continued to make progress in other emerging markets such as Africa and Asia. Our overseas projects are now distributed across six continents. Our superior WTGs have been recognised by our customers at home and abroad and have laid a solid foundation for our future business development.

Profiles of Directors, Supervisors and Senior Management

Below are the profiles of Directors, Supervisors and Senior Management that were in office as at 31 December 2013:

EXECUTIVE DIRECTORS

Mr. Wu Gang (武鋼先生)

Mr. Wu Gang ("**Mr. Wu**"), aged 56, is currently the Chairman. Mr. Wu graduated from Dalian University of Technology with a master's degree. He is a professor-level senior engineer and an expert entitled to a special allowance granted by the State Council. He is one of the founders of the Company and has been with the Company for over 10 years. He was appointed as the Chairman in May 2002 and previously concurrently served as the Company's general manager between 2002 and 2006, CEO between 2006 and 2013 and President between March 2012 and January 2013.

Mr. Wu currently also serves as the chairman of the board and Party Committee secretary of Xinjiang New Energy (Group) Co., Ltd. and the vice chairman of the board of Xinjiang Wind Power, a substantial shareholder of the Company. All of the aforementioned companies are private companies.

Mr. Wang Haibo (王海波先生)

Mr. Wang Haibo ("**Mr. Wang**"), aged 40, is currently an executive Director and the President. Mr. Wang graduated from Xinjiang Finance and Economics Institute with a bachelor's degree. He joined the Company in 2001 and has been with the Company for over 10 years. He served as the Company's director of Sales and Marketing, director of Investment and Development, deputy, general manager and subsequently chairman of the board of Beijing Tianrun since 2001, and served as the Company's vice president between 2010 and 2013. He was appointed as a Director in June 2012 and the President in January 2013.

Mr. Cao Zhigang (曹志剛先生)

Mr. Cao Zhigang ("**Mr. Cao**"), aged 39, is currently an executive Director and executive vice president of the Company. Mr. Cao graduated from Xinjiang University with a bachelor's degree. He is a senior engineer. He joined the Company in 2001 and has been with the Company for over 10 years. He previously served as the Company's director of Electronic Control, deputy chief engineer and vice president. He was appointed as an executive vice president of the Company in March 2010 and a Director in June 2013.

NON-EXECUTIVE DIRECTORS

Mr. Li Ying (李熒先生)

Mr. Li Ying ("**Mr. Li**"), aged 79, is currently the Vice Chairman. Mr. Li 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. He previously served as the manager and deputy director of the Department of Hydropower of the Ministry of Water Resources between 1985 and 1996, and served as the chairman of the board of Jianghe Rural Electricity Development Co., Ltd. between 1996 and 2011. He was appointed as the Vice Chairman in March 2001 and has been with the Company as a non-executive Director for over 10 years.

Mr. Li currently also serves as the chairman of the board of Ningde City Dagang Hydropower Station Development Co., Ltd., which is a private company.

Ms. Hu Yang (胡陽女士)

Ms. Hu Yang ("**Ms. Hu**"), aged 47, is currently a non-executive Director. Ms. Hu graduated from Minzu University of China with a master's degree in economics. She is a senior economist. She previously served as a deputy general manager of Asset Operations and Management Company and general manager of operations management of China Water Resources Investment Group Company between 2006 and 2010, and general manager of operations management of China Three Gorges New Energy, a substantial shareholder of the Company, between 2010 and 2011. She currently serves as the chief economist and director of corporate governance and legal affairs of China Three Gorges New Energy. She was appointed as a Director in September 2011.

Ms. Hu currently also serves as the vice chairman of the board of Qinghai Hydropower (Group) Co., Ltd., and a director of the board of Inner Mongolia of Gimhae New Energy Technology Co., Ltd.. All of the aforementioned companies are private companies.

Mr. Yu Shengjun (于生軍先生)

Mr. Yu Shengjun ("**Mr. Yu**"), aged 40, is currently a non-executive Director. Mr. Yu graduated from Xinjiang University of Finance & Economics with a Master of Business Administration degree ("**MBA**"). He is a senior engineer. He previously served as a duty officer-in-charge, project manager, director of R&D, director of project construction, director of project development, member of Party Committee, and deputy general manager of Xinjiang Wind Power, a substantial shareholder of the Company, between 1998 and 2012. He currently serves as the chairman of the board and Party Committee secretary of Xinjiang Wind Power, and the deputy general manager of Xinjiang New Energy (Group) Co., Ltd.. He was appointed as a Director in January 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tin Yau Kelvin Wong (黃天祐博士)

Dr. Tin Yau Kelvin Wong ("**Dr. Wong**"), aged 53, is currently an independent non-executive Director. Dr. Wong obtained his MBA from Andrews University in Michigan, USA, and his Doctorate of Business Administration from The Hong Kong Polytechnic University. He previously served as the general manager of Termbray Industries International (Holdings) Limited between 1994 and 1996. He currently serves as an executive director and deputy managing director of COSCO Pacific Limited, the securities of which are listed on the Stock Exchange. He was appointed as a Director in June 2011.

Dr. Wong is the chairman of The Hong Kong Institute of Directors, non-executive director of the SFC, former member (2007–2013) of the Main Board and GEM Listing Committee of the Stock Exchange, convenor and member of the Financial Reporting Review Panel, member of the Standing Committee on Company Law Reform, member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption, member of the Appeal Board Panel (Town Planning), member of the board of Hong Kong Sports Institute Limited, council member of The Hong Kong Management Association, key member of the OECD/World Bank Asian Corporate Governance Roundtable, and council advisor of the Hong Kong Chinese Orchestra Limited.

Dr. Wong currently also serves as an independent non-executive director and chairman of the audit committee of China ZhengTong Auto Services Holdings Limited and I.T Limited, and an independent non-executive director of CIG Yangtze Ports PLC. The securities of the aforementioned companies are listed on the Stock Exchange.

Profiles of Directors, Supervisors and Senior Management

Mr. Yang Xiaosheng (楊校生先生)

Mr. Yang Xiaosheng ("**Mr. Yang**"), aged 62, is currently an independent non-executive Director. Mr. Yang graduated from Beijing University of Agricultural Engineering with a master's degree in agricultural electrification. He is a senior engineer. He previously served as deputy chief engineer and chief engineer of China Longyuan Power Group Limited between 2000 and 2009, and chief engineer of China Longyuan Power Group Corporation Limited between 2009 and 2012. He was appointed as a Director in June 2013.

Mr. Yang is the secretary general of the National Energy Industries Wind Power Standardisation Committee, deputy head of the Experts Group for Renewable Energy Development Planning under the Twelfth Five-Year Plan of the Ministry of Science and Technology of China, and director general of the Wind Power Equipment Sub-committee of China Association of Agricultural Machinery Manufacturers.

Mr. Luo Zhenbang (羅振邦先生)

Mr. Luo Zhenbang ("**Mr. Luo**"), aged 49, is currently an independent non-executive Director. Mr. Luo graduated from Tsinghua University with a master's degree in corporate governance and innovation. He is a China Certified Public Accountant, Certified Tax Agent, Certified Public Valuer, and an accountant. He previously served as a deputy director accountant of Tianhua Certified Public Accountants between 2002 and 2008. He currently serves as a director and senior partner of BDO China Shu Lun Pan Certified Public Accountants. He was appointed as a Director in June 2013.

Mr. Luo currently also serves as an independent non-executive director of China Aerospace International Holdings Limited, China City Railway Transportation Technology Holdings Company Limited and Shenzhou Digital Information Technology Co., Ltd., and an independent non-executive director and member of the internal audit committee of Northeast Securities Co., Ltd.. The securities of China Aerospace International Holdings Limited and China City Railway Transportation Technology Holdings Company Limited are listed on the Stock Exchange.

SUPERVISORS

Mr. Wang Mengqiu (王孟秋先生)

Mr. Wang Mengqiu ("**Mr. Wang**"), aged 50, is currently the chairman of the Supervisory Committee. Mr. Wang holds a university degree and is an assistant accountant. He previously served as a deputy director and director of finance centre of China Water Investment Group Corp. between 1998 and 2006. He currently serves as the director of internal audit of China Three Gorges New Energy, a substantial shareholder of the Company. He was appointed as a Supervisor in August 2008 and the chairman of the Supervisory Committee in March 2010.

Mr. Wang currently also serves as the chairman of the supervisory committee of Sinomatech Wind Power Blade Co., Ltd. and Inner Mongolia of Gimhae New Energy Technology Co., Ltd., and a supervisor of Shangdu Tianrun Co., Ltd.. All of the aforementioned companies are private companies.

Mr. Wang Shiwei (王世偉先生)

Mr. Wang Shiwei ("**Mr. Wang**"), aged 57, is currently a Supervisor. Mr. Wang holds a college degree and is an engineer. He previously served as the director of materials management of Dabancheng wind farm, plant manager of the WTG assembly plant of XJ New Wind, and deputy general manager of Xinjiang Wind Power, a substantial shareholder of the Company, between 1998 and 2013. He currently serves as a senior consultant of Xinjiang Wind Power. He was appointed as a Supervisor in September 2009.

Mr. Wang currently also serves as a supervisor of Urumqi Huachun Small Loans Co., Ltd., which is a private company.

Mr. Luo Jun (洛軍先生)

Mr. Luo Jun ("**Mr. Luo**"), aged 47, is currently a Supervisor. Mr. Luo holds a bachelor's degree and is an accountant. He previous served as an employee of finance department and reform office and the head of equity management office of Xinjiang Wind Power, a substantial shareholder of the Company, between 2002 and 2013. He currently serves as the secretary of the board and director of asset management of Xinjiang Wind Power. He was appointed as a Supervisor in May 2004.

Mr. Luo currently also serves as a director of Xinjiang Xinfengqi Energy Services Co., Ltd., Xi'an Wind Power Co., Ltd. of China Water Investment Group and Xinjiang New Energy Research Centre Co., Ltd., and an executive director of Xinjiang Yutian New Wind Power Co., Ltd., Urumqi Tianpeng Wind Power Co., Ltd., Xinjiang Tianxiang Wind Power Co., Ltd. and Xinjiang Aodexin New Energy Co., Ltd.. All of the aforementioned companies are private companies.

EMPLOYEE REPRESENTATIVE SUPERVISORS

Ms. Zhang Xiaotao (張曉濤女士)

Ms. Zhang Xiaotao ("**Ms. Zhang**"), aged 43, is currently a Supervisor and the director of Internal Audit and Supervision of the Company. Ms. Zhang holds a bachelor's degree. She joined the Company in 2001 and has been with the Company for over 10 years. She previously served as the Company's director of Finance Centre, director of Operations Centre and director of production of the Company's WTG Business Subunit. She was appointed as a Supervisor in August 2012.

Mr. Xiao Zhiping (肖治平先生)

Mr. Xiao Zhiping ("**Mr. Xiao**"), aged 37, is currently a Supervisor and the general manager of Goldwind Investment Holding Co., Ltd., a wholly-owned subsidiary of the Company. Mr. Xiao holds a university degree. He joined the Company in April 2006 and previously served as a deputy head of, head of and investment director of Investment and Equity Management. He was appointed as a Supervisor in March 2010.

SENIOR MANAGEMENT

Mr. Wu Kai (吳凱先生)

Mr. Wu Kai ("**Mr. Wu**"), aged 45, is currently an executive vice president and director of R&D Centre of the Company. Mr. Wu graduated from Harbin Institute of Technology with a bachelor's degree. He served as an engineer of China Academy of Launch Vehicle Technology between 1993 and 1998, and held various positions, including senior regional sales manager, in SKF China between 1998 and 2008. He joined the Company in 2008 and previously served as the general manager of Supply Chain Management Centre and R&D Centre. He was appointed as a vice president of the Company in January 2011 and executive vice president of the Company in June 2013.

Ms. Ma Jinru (馬金儒女士)

Ms. Ma Jinru ("**Ms. Ma**"), aged 48, is currently the Company Secretary, Secretary of the Board and a vice president of the Company. Ms. Ma graduated from Jilin University of Technology with a master's degree. She is a senior economist and an affiliated person of The Hong Kong Institute of Chartered Secretaries. She served as an economist with the Dalian Port Design Institute, head of the foreign trade and economic cooperation of Dalian Port Authority, manager of financial management of Dalian Port Container Integrated Development Company, and secretary of the board of Dalian Port Container Co., Ltd. between 1990 and 2005. She then served as the secretary of the board and company secretary of Dalian Port (PDA) Co., Ltd. between 2005 and 2010. She joined the Company and was appointed as the Company Secretary, Secretary of the Board and a vice president of the Company in March 2010.

Profiles of Directors, Supervisors and Senior Management

Mr. Huo Changbao (霍常寶先生)

Mr. Huo Changbao ("**Mr. Huo**"), aged 39, is currently the Chief Financial Officer of the Company. Mr. Huo holds a master's degree and is a certified public accountant, certified tax agent, certified public valuer and an internationally recognised certified internal auditor. He served as an employee of audit of Deloitte between 2003 and 2007, and served as the manager of audit of Ernst & Young Hua Ming between 2007 and 2010. He joined the Company in 2010 and previously served as the deputy director and director of Corporate Finance of the Company. He was appointed as the Chief Financial Officer of the Company in January 2012.

Mr. Liu Wei (劉瑋先生)

Mr. Liu Wei ("**Mr. Liu**"), aged 49, is currently a vice president of the Company and the general manager of Beijing Tianrun. Mr. Liu graduated from New Zealand University with an MBA. He served as, among others, the deputy and subsequently head of office of NDRC Xinjiang Office between 1995 and 2006, and served as a member of the town committee of Fuyun District of Aletai City between 2006 and 2007. He joined the Company in 2007 and previously served as the deputy general manager of development and administrative deputy general manager of Beijing Tianrun. He was appointed as a vice president of the Company in January 2013.

Mr. Yang Hua (楊華先生)

Mr. Yang Hua ("**Mr. Yang**"), aged 47, is currently a vice president of the Company and the general manager of Beijing Tianyuan. Mr. Yang graduated from the Party School of the Central Committee of C.P.C. with a bachelor's degree. He served as, among others, a deputy plant manager of Xinjiang Hydropower Equipment Installations Company between 1987 and 1997, and served as an assistant engineer and deputy plant manager of Xinjiang Wind Power Company between 1997 and 2004. He joined the Company in 2004 and previously served as the director of Electronic Control, deputy general manager of Customer Services, domestic sales manager of Sales and Marketing, and director of Customer Services. He was appointed as a vice president of the Company in January 2011.

Mr. Wang Xiangming (王相明先生)

Mr. Wang Xiangming ("**Mr. Wang**"), aged 45, is currently a vice president of the Company. Mr. Wang graduated from Northwestern Polytechnical University with a bachelor's degree. He is a professor-level senior engineer. He served as the director of new energy and head engineer of Xinjiang Wind Power Company between 1992 and 1998, and held various positions, including director of manufacturing and deputy chief engineer, in XJ New Wind between 1998 and 2000. He joined the Company in 2000 and previously served as the deputy chief engineer and Chief Engineer. He was appointed as a vice president of the Company in March 2007.

Mr. Liu He (劉河先生)

Mr. Liu He ("**Mr. Liu**"), aged 49, is currently 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 served as, among others, the head of technology of Xinjiang Shiyue (Group) Tractors Company between 1990 and 2001. He joined the Company in 2001 and previously served as the head of Technology, director of Technical Quality Control, deputy chief engineer, director of Quality Control, and director of Product Development Centre of the Company. He was appointed as the Chief Engineer of the Company in March 2012.

The Board of Directors' Report

The Board hereby presents to the Shareholders its report for the financial year ended 31 December 2013 and the Financial Statements.

PRIMARY BUSINESS

The Group is one of the largest WTG manufacturers in the world and a leading provider of comprehensive wind power solutions. The Group is principally engaged in three business segments: (1) WTG Manufacturing; (2) Wind Power Services; and (3) Wind Farm Investment, Development and Sales. WTG Manufacturing is our core business and its revenue represents a majority of the Group's total revenue from operations. The Group's newly installed wind power capacity in 2013 ranked first in China and second internationally.

RESULTS AND PROFIT DISTRIBUTION

The annual results of the Group for the financial year ended 31 December 2013 are set out in the Financial Statements.

The Board recommends the payment of a final dividend of RMB0.08 per share (including tax) from the Company's retained distributable profit for the financial year ended 31 December 2013. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2013 in accordance with the provisions of the Articles, and will be implemented thereafter.

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 204 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2013, the Group's revenue from operations attributed to our five largest customers and largest customer were 25.65% and 6.31%, respectively. During the same period, the Group's total procurement expenses attributed to our five largest suppliers and largest supplier were 33.91% and 17.87%, respectively.

China Three Gorges New Energy is a substantial shareholder of the Company. As at 31 December 2013, China Three Gorges New Energy directly held 6.12% of the issued share capital of Sinomatech Wind Power Blade Co., Ltd. (中材科技風電葉片股份有限公司), one of the Group's five largest suppliers for the financial year ended 31 December 2013. In addition, as at 31 December 2013, China Three Gorges New Energy directly held 100% of the issued share capital of Three Gorges New Energy Hami Wind Power Co., Ltd. (三峽新能源哈密風電有限公司), one of the Group's five largest customers for the financial year ended 31 December 2013.

Other than the information disclosed above, none of the Directors, their associates, or any Shareholders (that, as far as is known to the Directors, own more than 5% of the issued shares of the Company) held any interest in the Group's five largest customers or suppliers.

The Board of Directors' Report

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group primarily operated its businesses in China. Over 85% of the Group's revenue, expenditure, and financial assets and liabilities were denominated in RMB. The exchange rate of the RMB against foreign currencies did not have a significant impact on the Group's businesses. During the financial year ended 31 December 2013, the Group entered into certain currency forward agreements with the National Australia Bank 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 Group in respect of the long-term equity investment by our subsidiaries incorporated outside China was recorded under the exchange fluctuation reserve.

PROPERTY, PLANT AND EQUIPMENT

Details of adjustments made to property, plant and equipment of the Group during the financial year ended 31 December 2013 are set out in note 13 to the Financial Statements.

DISPOSALS OF SUBSIDIARIES

The Group disposed certain subsidiaries during the financial year ended 31 December 2013 in accordance with the development strategies of the Company and based on changes of the industry and market environments. Details are set out in note 36 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 subsist at any time during the financial year ended 31 December 2013.

TOP FIVE HIGHEST PAID INDIVIDUALS

Details regarding the five highest paid individuals, including the chief executive of the Company, for the financial year ended 31 December 2013 are set out in note 8 to the Financial Statements.

SHARE CAPITAL

The particulars of the issued share capital of the Company as at 31 December 2013 are set out below:

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%

NUMBER OF SHAREHOLDERS

As at 31 December 2013, the total number of Shareholders was 231,841, among which the number of A Share and H Share Shareholders were 229,949 and 1,892, respectively.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, as far as known to the Directors, the following persons had an interest or short position in the securities of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO:

H Shares:

Name of Shareholder	Share Category	Number of Shares	As a 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%
Schroders Plc	H Shares	45,068,600(L)	9.01%	1.67%
JPMorgan Chase & Co.	H Shares	37,134,098(L)	7.43%	1.38%
International Finance Corporation	H Shares	32,044,600(L)	6.41%	1.19%
Norges Bank	H Shares	28,399,848(L)	5.68%	1.05%
Invesco Hong Kong Limited (in its capacity as manager/advisor of various accounts)	H Shares	25,170,453(L)	5.03%	0.93%

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	A Shares	375,920,386	17.13%	13.95%
China Three Gorges New Energy	A Shares	664,766,085	30.29%	24.67%
China Three Gorges	A Shares	664,766,085	30.29%	24.67%

Notes:

1. China Three Gorges New Energy directly held 288,845,699 A Shares of the Company. China Three Gorges New Energy and China Three Gorges, taken together, held 43.33% of the issued share capital of Xinjiang Wind Power. Under the SFO, other than directly holding interests in the Company, China Three Gorges New Energy were deemed to be interested in the 375,920,386 A Shares of the Company held by Xinjiang Wind Power.

2. China Three Gorges is the holding company of China Three Gorges New Energy. Under the SFO, the 375,920,386 A Shares of the Company held by Xinjiang Wind Power, in which China Three Gorges New Energy were deemed to be interested, and the 288,845,699 A Shares of the Company directly held by China Three Gorges New Energy were deemed to be the interests of China Three Gorges in the Company.

Other than the information disclosed above, as at 31 December 2013, as far as is known to the Directors, no other persons (excluding the Directors, Supervisors and chief executive of the Company) had an interest or short position in the securities of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

The Board of Directors' Report

PRE-EMPTIVE RIGHTS

No regulations of pre-emptive rights exist in the PRC, where the Company is incorporated.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the financial year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

From publicly available information and to the best knowledge of the Directors, the Company had maintained a sufficient public float as required under the Listing Rules throughout the financial year ended 31 December 2013 and up to the Latest Practicable Date.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors in office during the year ended 31 December 2013 and up to the Latest Practicable Date were:

Name	**Date of Appointment (Date of Termination)**
Executive Directors	
Mr. Wu Gang *(Chairman)*[1]	9 March 2001
Mr. Wang Haibo	21 June 2012
Mr. Cao Zhigang	26 June 2013
Non-executive Directors	
Mr. Li Ying *(Vice Chairman)*[2]	9 March 2001
Ms. Hu Yang	28 September 2011
Mr. Yu Shengjun	9 January 2013
Ms. Ji Dongmei	21 June 2012 (26 June 2013)
Independent Non-executive Directors	
Dr. Tin Yau Kelvin Wong	25 June 2011
Mr. Yang Xiaosheng	26 June 2013
Mr. Luo Zhenbang	26 June 2013
Mr. Wang Yousan	24 March 2007 (26 June 2013)
Mr. Shi Pengfei	24 March 2007 (26 June 2013)
Supervisors	
Mr. Wang Mengqiu *(chairman of the Supervisory Committee)*[3]	14 August 2008
Mr. Wang Shiwei	9 September 2009
Mr. Luo Jun	18 May 2004
Ms. Zhang Xiaotao *(employee representative Supervisor)*	9 August 2012
Mr. Xiao Zhiping *(employee representative Supervisor)*	25 March 2010

Notes:

1. Mr. Wu Gang was appointed as the Chairman on 23 May 2002.
2. Mr. Li Ying was appointed as the Vice Chairman on 9 March 2001.
3. Mr. Wang Mengqiu was appointed as the chairman of the Supervisory Committee on 25 March 2010.

Other than the information disclosed above, there were no changes to the Directors and Supervisors during the year ended 31 December 2013 and up to the Latest Practicable Date.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The profiles of the Directors, Supervisors and Senior Management in office as at 31 December 2013 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report.

INTERESTS OF DIRECTORS AND SUPERVISORS

Based on information known to the Directors, as at 31 December 2013, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the securities of the Company are set out below:

Name	Type of Equity Interests	Share Category	Number of Shares	As a Percentage of A Shares	As a Percentage of Total Shares
Mr. Wu Gang	Beneficial owner	A Shares	40,167,040	1.83%	1.49%
Mr. Cao Zhigang	Beneficial owner	A Shares	9,368,024	0.43%	0.35%
Mr. Yu Shengjun	Beneficial owner	A Shares	6,500	0.00%	0.00%
	Interest of spouse	A Shares	8,600[1]	0.00%	0.00%
Mr. Wang Shiwei	Interest of child	A Shares	31,000[2]	0.00%	0.00%
Ms. Zhang Xiaotao	Interest of spouse	A Shares	18,850,400[3]	0.86%	0.70%

Notes:

1. These shares were held by Mr. Yu Shengjun's spouse. Mr. Yu Shengjun is deemed to be interested in the 8,600 A Shares pursuant to Part XV of the SFO.
2. These shares were held by Mr. Wang Shiwei's child. Mr. Wang Shiwei is deemed to be interested in the 31,000 A Shares pursuant to Part XV of the SFO.
3. These shares were held by Ms. Zhang Xiaotao's spouse. Ms. Zhang Xiaotao is deemed to be interested in the 18,850,400 A Shares pursuant to Part XV of the SFO.

Other than the information disclosed above, as at 31 December 2013, as far as known to the Company, none of the Directors, Supervisors or chief executive of the Company had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

The Board of Directors' Report

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than the information disclosed in the paragraph headed "Interests of Directors and Supervisors" in this report, at no time, during the year ended 31 December 2013 or the period following 31 December 2013 and up to the Latest Practicable Date, 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 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 had 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 a Director or Supervisor are not in accordance with the relevant regulations of the *Company Law* of the PRC or the Articles, the contract will be terminated automatically.

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' REMUNERATION

The relevant resolutions relating to Directors' remuneration and independent non-executive Directors' allowance were approved by the Shareholders. In accordance with the relevant resolutions, for the financial year ended 31 December 2013, the Chairman and executive Directors received remuneration from the Company, non-executive Directors did not receive any remuneration from the Company, and independent non-executive Directors' allowances were paid to the independent non-executive Directors, except for Mr. Wang Yousan.

For the financial year ended 31 December 2013, employee representative Supervisors received remuneration from the Company in accordance with their offices held in the Company, all other Supervisors did not receive any remuneration from the Company.

Details of the remuneration paid to the Directors, Supervisors and chief executive of the Company are set out in note 8 to the Financial Statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at 31 December 2013 or at any time during the year ended 31 December 2013, 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, whether directly or indirectly, had a material interest.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

CONNECTED TRANSACTIONS

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

The Group had several non-exempt continuing connected transactions with the Connected Persons Group during the financial year ended 31 December 2013 which were carried out pursuant to the agreements with the Connected Persons Group dated 9 November 2012 and were approved by the independent shareholders of the Company on 8 January 2013 in accordance with the Listing Rules. The following table sets out a summary of the nature, annual caps and actual amounts of such non-exempt continuing connected transactions:

Unit: RMB million

	Annual Cap for 2013	**Actual Amount for 2013**
Purchase of Components	303.9	43.2
Product Sales	2,028.5	1,362.6
Wind Power Services	513.7	143.2

Purchase of Components

The Group purchased, and will continue to purchase, components from the Connected Persons Group for the manufacture of WTGs in the ordinary and usual course of business.

The purchase of components from the Connected Persons Group for the manufacture of WTGs has been, and will continue to be, made in accordance with the Group's purchasing procedures. The Group has put into place a purchase monitoring process and has also formed a dedicated team to carry out its purchasing.

Under the relevant written agreements, the terms and price in connection with any purchase of components from the Connected Persons Group has been, and will continue to be, determined through public tenders or based on the market price in the event that public tenders were not required, whereby the terms available to the Group and the market price for such purchases shall be no less favourable than those provided in the ordinary and usual course of business by an independent third party for identical or similar products.

Product Sales

The Group sold, and will continue to sell, WTGs to the Connected Persons Group in the ordinary and usual course of business.

The sale of WTGs to the Connected Persons Group is usually carried out pursuant to public tenders in accordance with the applicable laws and regulations of the PRC, i.e. the relevant companies forming part of the Connected Persons Group will invite bids for the WTGs they propose to purchase, and the Group, as the tenderer, shall submit tender documents in response to the invitation to tender. The Group has put into place a sales supervision system and has also formed a dedicated team to carry out its product sales.

Under the relevant written agreements, the terms and price in connection with any sale of WTGs to the Connected Persons Group has been, and will continue to be, determined through public tenders or based on the market price in the event that public tenders were not required, whereby the terms provided by the Group and the market price for such sales shall be no more favourable than those provided in the ordinary and usual course of business to an independent third party for identical or similar products.

The Board of Directors' Report

Wind Power Services

Wind power service is one of the Group's main businesses. The Company anticipates the Group's wind power service business will continue to grow and such services provided to the Connected Persons Group are also expected to increase substantially in the next three years ending 31 December 2015.

Similar to the Group's product sales to the Connected Persons Group, contracts for the provision of wind power services are usually awarded pursuant to public tenders in accordance with the applicable laws and regulations of the PRC. The Group has put into place a supervision system and has also formed a dedicated team to carry out its service provisions.

Under the relevant written agreements, the terms and price in connection with providing wind power services to the Connected Persons Group shall be determined through public tenders or based on the market price in the event that public tenders were not required, whereby the terms provided by the Group and the market price for such services shall be no more favourable than those provided in the ordinary and usual course of business to an independent third party for identical or similar services.

The independent non-executive Directors have reviewed the Group's aforementioned continuing connected transactions and confirmed that such transactions carried out during the financial year ended 31 December 2013:

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

2. were conducted according to normal commercial terms, or if there were insufficient number of comparable transactions to determine whether or not they are on normal commercial 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 interests of the Company and the Shareholders as a whole.

The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions had 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 2013:

1. had been approved by the Board;

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

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

4. had not exceeded the annual cap disclosed in the circular of the Company dated 16 November 2012.

As disclosed above, on 9 November 2012, the Company entered into certain agreements with the Connected Persons Group, namely Xinjiang Wind Power and China Three Gorges New Energy, in connection with (1) purchase of components for manufacturing WTGs from, (2) sale of WTGs, and (3) provision of wind power services to the Connected Persons Group for a term of three years commencing on 1 January 2013. The independent shareholders of the Company approved, at the first EGM of 2013 convened on 8 January 2013, the continuing connected transactions between the Group and the Connected Persons Group and the relevant annual caps for the three years commencing from 1 January 2013 and ending on 31 December 2015. Details are set out below:

Unit: RMB million

	Annual Cap for 2013	**Annual Cap for 2014**	**Annual Cap for 2015**
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

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards during the financial year ended 31 December 2013. These related party transactions included non-exempt continuing connected transactions as set out in the section headed "Connected Transactions" on page 57 of this annual report. Details are set out in note 40 to the Financial Statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year ended 31 December 2013 was RMB1.38 million.

REVIEW OF 2013 ANNUAL REPORT

The Audit Committee of the Company has reviewed and approved the *2013 Annual Report* of the Company. Information on works performed by the Audit Committee and its composition are set out in the section headed "Board Committees" on page 64 of this annual report.

By order of the Board
Xinjiang Goldwind Science & Technology Co., Ltd.
Wu Gang
Chairman

Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance and to continually improve its corporate governance structure, optimise its management and internal controls in order to safeguard the interests of Shareholders and enhance corporate value.

Listed on the Stock Exchange and SZSE, the Company has, other than the information disclosed in this report, remained in strict compliance with the relevant laws and regulations of Hong Kong and the PRC during the year ended 31 December 2013, which included the *Company Law* of the PRC, *Securities Law* of the PRC, *Code of Corporate Governance for Listed Companies*（上市公司治理準則）issued by the CSRC, Corporate Governance Code, the Listing Rules, and the listing rules of the SZSE.

The Directors are, and will continue to be, committed to improving the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect the interests of the Shareholders.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for implementing the Corporate Governance Code and managing the Group's corporate governance matters. The Board has reviewed the corporate governance policies and practices of the Company and its policies and practices relating to compliance with legal and regulatory requirements, as well as training and continuous professional development of the Directors and Senior Management. The Board has also reviewed the disclosure of this Corporate Governance Report for the year ended 31 December 2013.

The Company has complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2013, except for a deviation from Code Provision A.2.1 for a very short period from 1 January 2013 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 individual. Details of such deviation were disclosed in the Company's interim report for the six months ended 30 June 2013. Since Mr. Wang Haibo, then an executive Director and vice president of the Company, was appointed as the President on 9 January 2013, the Company has fully complied with the Corporate Governance Code without any deviation.

SHAREHOLDERS

The Board and Senior Management recognise their responsibilities towards all Shareholders and to represent their interests and maximise shareholder value.

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*（上市公司股東大會規則）issued by CSRC, the Articles, the Company's *Rules on Procedures of Shareholders' General Meetings*, and other relevant laws, rules and regulations. The Company convenes shareholders' general meetings each year and standardises the meeting procedures in accordance with the relevant laws to ensure fair treatment towards all Shareholders, especially minority Shareholders, and enable them to fully exercise their rights.

The Company regards the shareholders' general meeting as an important event in the corporate year and all Directors, Supervisors and Senior Management are encouraged to attend. The Company also encourages all Shareholders to attend, exercise their rights and express their opinions.

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

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

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

Shareholders are welcome to send their written enquiries to the Company's Office of Secretary of the Board at No. 8 Bo Xing Yi Road, Economic & Technological Development District, Beijing, the PRC, PC: 100176. Alternatively, Shareholders may also contact us through our Investor Relations Hotline +86-10-6751 1996, Investor Relations facsimile +86-10-6751 1985, Investor Relations e-mail at goldwind@goldwind.com.cn, or raise your enquiries directly by questions at an AGM or EGM.

THE BOARD

The Board is charged with directing and managing the Company's affairs and continued to pursue the sustainable development of the Company in the year ended 31 December 2013. Each Director has a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

The decisions and responsibilities undertaken by the Board include those relating to:

- the Group's business strategies and investment proposals;
- the Group's management process and internal controls;
- the Group's annual financial budget and final accounts;
- the Group's compliance matters;
- proposed amendments of the Articles;
- evaluation, appointment or dismissal of the President and Senior Management;
- determine the Company's salary, benefits and bonuses plan;
- determine the structure of Board Committees and the appointment or dismissal of committee members
- convening of shareholders' general meetings, implementation of resolutions of shareholders' general meetings; and
- other significant matters.

Corporate Governance Report

Board Composition

As at the Latest Practicable Date, the Board comprised of nine Directors, which included three executive Directors, three non-executive Directors, and three independent non-executive Directors. The Board is characterised by its diversity in terms of professional background and skills, age and gender, among other aspects, which promotes critical review of significant decisions and contributes to the effective direction of the Group. The Board includes members from engineering, business administration, economics, corporate governance, and financial backgrounds. The Board also includes three members under the age of 40, two members over the age of 60, as well as one female member.

The Board composition during the year ended 31 December 2013 and up to the Latest Practicable Date is set out below:

Executive Directors

Mr. Wu Gang *(Chairman)*
Mr. Wang Haibo
Mr. Cao Zhigang (appointed on 26 June 2013)

Non-executive Directors

Mr. Li Ying *(Vice Chairman)*
Ms. Hu Yang
Mr. Yu Shengjun (appointed on 9 January 2013)
Ms. Ji Dongmei (term ended on 26 June 2013)

Independent non-executive Directors

Dr. Tin Yau Kelvin Wong
Mr. Yang Xiaosheng (appointed on 26 June 2013)
Mr. Luo Zhenbang (appointed on 26 June 2013)
Mr. Wang Yousan (term ended on 26 June 2013)
Mr. Shi Pengfei (term ended on 26 June 2013)

The current Board is the fifth session of the Board. The term of office of the fourth session of the Board expired on 24 March 2013. In accordance with the applicable laws of the PRC, the Directors of the fourth session of the Board remained in office and performed their duties until the fifth session of the Board was elected by the Shareholders at the AGM for the year of 2012 held on 25 June 2013.

The Shareholders at the AGM for the year of 2012 approved the re-election of Mr. Wu Gang and Mr. Wang Haibo as executive Director, Mr. Li Ying, Ms. Hu Yang and Mr. Yu Shengjun as non-executive Director, and Dr. Tin Yau Kelvin Wong as independent non-executive Director. In addition, Mr. Cao Zhigang was elected at the AGM for the year of 2012 as executive Director, and Mr. Yang Xiaosheng and Mr. Luo Zhenbang were elected as independent non-executive Director. The term of office of the fifth session of the Board shall expire on 25 June 2016.

The executive and non-executive Directors 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 of the Group. The independent non-executive Directors have extensive experience in the industry and possess professional qualifications in areas such as finance and business administration. The profiles of the Directors in office as at 31 December 2013 are set out in the section headed “Profiles of Directors, Supervisors and Senior Management” on page 46 of this annual report.

During the year ended 31 December 2013, the Board complied with the requirements of the Listing Rules relating to having at least three independent non-executive directors, representation of at least one-third of the Board by independent non-executive directors, and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. During the same period, there were no financial, business, family or other major or relevant relationships between members of the Board or the Chairman and President.

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Board has received a written confirmation from each independent non-executive Director of his independence to the Company for the year ended 31 December 2013, and considers all of the independent non-executive Directors to be independent.

Changes to Information on Directors

On 12 July 2013, Dr. Tin Yau Kelvin Wong resigned as an independent non-executive director and ceased to be the chairman and member of the audit committee of China Metal International Holdings Inc., a company whose securities are listed on the main board of the Stock Exchange.

Chairman and President

As at the Latest Practicable Date, the roles of Chairman and President were vested in Mr. Wu Gang and Mr. Wang Haibo, respectively.

The Chairman is responsible for establishing the Company's strategies, ensuring the proper functioning of the Board, and monitoring the Company's corporate governance practices and procedures. In addition, the Chairman is responsible for encouraging all Directors to fully contribute to the Board's affairs, to express their differing opinions and ensuring decisions of the Board reflect their consensus fairly, creating a culture of openness and constructive discussions, maintaining an effective communications channel with the Shareholders, and ensuring the Board acts in the best interests of the Company. During the year ended 31 December 2013, the Chairman held a meeting with each of the non-executive Directors and independent non-executive Directors and obtained independent opinions relating to affairs of the Board and the Company without the presence of other executive Directors.

The President is responsible for the day-to-day management of the Company's operations, including implementing corporate strategies set out by the Board, making day-to-day management decisions, coordinating the Company's businesses, and submitting operational reports to the Board.

Directors' Securities Transactions

The interests in the Company's securities held by Directors as at 31 December 2013 are set out in the section headed "Interests of Directors and Supervisors" on page 55 of this annual report.

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. The Company has strictly complied with other relevant binding clauses 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. The Company confirmed that all Directors had complied with the Model Code during the year ended 31 December 2013.

Corporate Governance Report

Board Committees

The Board established the Audit Committee, Nomination Committee, Remuneration and Assessment Committee, and Strategic Committee in accordance with the requirements of the Listing Rules. The written terms of reference of the Board Committees clearly set out their respective roles and authorities and are available on the websites of the Stock Exchange and the Company for review.

The composition of the Board Committees as at the Latest Practicable Date and their respective responsibilities are set out below:

1. Audit Committee

The Audit Committee consisted of two independent non-executive Directors and one non-executive Director, namely Dr. Tin Yau Kelvin Wong, Mr. Luo Zhenbang and Mr. Yu Shengjun. The committee chairman was Dr. Tin Yau Kelvin Wong.

The primary responsibilities of the Audit Committee are to review and propose recommendations relating to the Company's external auditors and audit services provided by them, review the integrity of the Company's periodic financial statements, oversee matters relating to the Company's internal audit and internal controls, review significant transactions of the Company, and report to the Board on matters of the Corporate Governance Code.

The work performed by the Audit Committee during the year ended 31 December 2013 included reviewing the Company's annual, interim and quarterly reports, the Group's annual budget, internal audit and internal control procedures, and monitoring external audit services and providing recommendations for the appointment of external auditors.

2. Nomination Committee

The Nomination Committee consisted of two independent non-executive Directors and one executive Director, namely Mr. Luo Zhenbang, Mr. Yang Xiaosheng and Mr. Wu Gang. The committee chairman was Mr. Luo Zhenbang.

The primary responsibilities of the Nomination Committee are to review the composition of the Board in line with the Company's structure and strategy, select and recommend to the Board suitable candidates to become Directors or Senior Management, and review the qualifications, and the selection procedures of, such candidates.

The work performed by the Nomination Committee during the year ended 31 December 2013 included selecting, nominating and reviewing the qualifications of candidates to become Directors and Senior Management for the fifth session of the Board.

3. Remuneration and Assessment Committee

The Remuneration and Assessment Committee consisted of three independent non-executive Directors, one executive Director, and one non-executive Director, namely Mr. Yang Xiaosheng, Dr. Tin Yau Kelvin Wong, Mr. Luo Zhenbang, Mr. Wu Gang, and Mr. Li Ying. The committee chairman was Mr. Yang Xiaosheng.

The primary responsibilities of the Remuneration and Assessment Committee are to establish the Company's remuneration policy and monitor its implementation, review the remuneration proposals for Directors and Senior Management, review and assess their performance, and review and approve compensation payable for their termination in accordance with their contractual terms.

The work performed by the Remuneration and Assessment Committee during the year ended 31 December 2013 included reviewing the Company's human resources report and determining the remuneration and bonus of relevant Directors and Senior Management based on the performance of the Company and in accordance with the Company's *Administration Rules for Remuneration*.

4. Strategic Committee

The Strategic Committee consisted of three executive Directors, two non-executive Directors, and one independent non-executive Director, namely Mr. Wu Gang, Mr. Wang Haibo, Mr. Cao Zhigang, Ms. Hu Yang, Mr. Yu Shengjun, and Mr. Yang Xiaosheng. The committee chairman was Mr. Wu Gang.

The primary responsibilities of the Strategic Committee are to review and propose recommendations for the Group's long-term strategies, significant decisions, investment and financing plans, and capital operations.

The work performed by the Strategic Committee during the year ended 31 December 2013 included reviewing and discussing the three-year strategy of the Group.

Board and Committee Meetings

Pursuant to the Articles, the Board is required to hold at least four board meetings each year, to be convened by the Chairman. In case of urgent matters, extraordinary board meetings may be convened upon proposal by the Chairman or more than one-third of all the Directors. A notice period of at least 14 days shall be given to every Director and Supervisor for a board meeting pursuant to the Corporate Governance Code, and the notice for such meetings shall be sent to every Director and Supervisor at least 10 days in advance pursuant to the Articles. The notice of a board meeting shall include the time and place of the meeting, matters and resolutions to be considered at the meeting, and the date of the notice.

A board meeting must have over half of all the Directors 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 shall keep minutes of decisions on matters discussed at the meeting and ensure that such minutes are available for inspection by any Director.

Corporate Governance Report

Details of Directors' attendance at board meetings, committee meetings, and shareholders' general meetings of the Company during the year ended 31 December 2013 are set out below:

	Attendances (by Proxy)/Required Attendances					
Name	Board	Audit Committee	Nomination Committee	Remuneration & Assessment Committee	Strategic Committee	Shareholders' General Meeting
Executive Directors						
Mr. Wu Gang	6/6		2/2		1/1	3/3
Mr. Wang Haibo	6/6					3/3
Mr. Cao Zhigang[1]	3/3					1/1
Non-executive Directors						
Mr. Li Ying	6/6	3/3		1/1		3/3
Ms. Hu Yang	4(2)/6				1/1	1/3
Mr. Yu Shengjun[2]	5(1)/6	2/2				2/2
Ms. Ji Dongmei[3]	1(1)/3					0/2
Independent Non-executive Directors						
Dr. Tin Yau Kelvin Wong	5(1)/6	5/5				2/3
Mr. Yang Xiaosheng[4]	2(1)/3		2/2			0/1
Mr. Luo Zhenbang[5]	3/3	2/2	2/2			0/1
Mr. Wang Yousan[6]	3/3	3/3		1/1		2/2
Mr. Shi Pengfei[7]	3/3			1/1	1/1	2/2

Notes:

1. Mr. Cao Zhigang was appointed as a Director on 26 June 2013.
2. Mr. Yu Shengjun was appointed as a Director on 9 January 2013.
3. Ms. Ji Dongmei's term of office as a Director ended on 26 June 2013.
4. Mr. Yang Xiaosheng was appointed as a Director on 26 June 2013.
5. Mr. Luo Zhenbang was appointed as a Director on 26 June 2013.
6. Mr. Wang Yousan's term of office as a Director ended on 26 June 2013.
7. Mr. Shi Pengfei's term of office as a Director ended on 26 June 2013.

Appointment of Directors

The Company has a formal and transparent procedure in place for the appointment of new directors. Suitable candidates are first considered by the Nomination Committee, whereby the relevant qualifications of such candidates will be reviewed. The qualified candidate will then be put forward to the Board for consideration before such candidate's appointment as Director is proposed to the Company's shareholders' general meeting.

Pursuant to the Articles, any Director's term of office shall begin on the day after the approval of the relevant resolution of the Company's shareholders' general meeting until the expiration of the current session of the Board. Directors may serve consecutive terms if re-elected upon the expiration of the previous term of office. Independent non-executive Directors may not serve more than two consecutive terms of office.

Directors' Commitments

The Company has received confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company for the year ended 31 December 2013. The Directors have disclosed to the Company the number and nature of offices held in listed companies or other significant commitments, including the name of and offices held in such companies or organisations. The Directors are periodically reminded to notify the Company in a timely manner with regards to any change of such information. Offices held in other listed companies or other significant commitments of the Directors in office as at 31 December 2013 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report. Any changes to such information of the Directors during the year ended 31 December 2013 are set out in the section headed "Changes to Information on Directors" on page 63 of this annual report.

The Company encourages all Directors to participate in continuous professional development to develop and refresh their knowledge and skills. The Company arranged and funded a number of training programmes for Directors during the year ended 31 December 2013, with particular emphasis on the roles, functions and duties of being a listed company director. The Company also submitted *Directors' Monthly Operations Report* to brief Directors on the Company's monthly businesses, financial position, industry and market environment, and capital market updates.

The Directors attended a number of training programmes and conferences during the year ended 31 December 2013 and the hours devoted to such continuous professional development events for the Directors in office as at 31 December 2013 are set out below:

Unit: Hours

Name	Corporate Governance/ Laws & Regulations/ Duties of Directors	Strategy/Business Administration/ Risk Control/ Industry Related	Accounting/ Audit/Finance/ Taxation
Executive Directors			
Mr. Wu Gang	2	67	0
Mr. Wang Haibo	16	79	0
Mr. Cao Zhigang	2	60	0
Non-executive Directors			
Mr. Li Ying	10	0	0
Ms. Hu Yang	52	0	0
Mr. Yu Shengjun	8	25	0
Independent Non-executive Directors			
Dr. Tin Yau Kelvin Wong	40	36.5	6
Mr. Yang Xiaosheng	40	5	0
Mr. Luo Zhenbang	16	16	40

Corporate Governance Report

THE SUPERVISORY COMMITTEE

The Supervisory Committee is the Company's permanent supervisory system. It is responsible for the supervision of the Board, the Directors, the President, and Senior Management in order to prevent such persons from exploiting their authority and violating the legal rights and interests of the Shareholders, the Company, and employees of the Company. The Supervisory Committee has remained in strict compliance with the relevant provisions in the *Company Law* of the PRC, the Articles, and the *Supervisory Committee Regulations* of the Company during the year ended 31 December 2013. The Supervisors are aware of their collective and individual responsibilities to all Shareholders and acted to the best of their abilities to protect the interests of the Shareholders and the Company.

The responsibilities undertaken by the Supervisory Committee include:

- review of the Company's periodic reports prepared by the Board and verification of financial reports, business reports, profit distribution proposals and other financial information to be submitted to shareholders' general meetings;
- examination of financial affairs of the Company;
- supervision of the performance of Directors and Senior Management and their compliance with laws, regulations, corporate policies, and resolutions of shareholders' general meetings;
- investigation into any identified irregularities in the Company's operations;
- institution of legal proceedings against Directors and Senior Management in accordance with Article 152 of the *Company Law* of the PRC; and
- any other duties stipulated by relevant laws, regulations, and the Articles.

Supervisory Committee Composition

As at the Latest Practicable Date, the Supervisory Committee comprised of five Supervisors, which included three Supervisors elected by the shareholders and two employee representative Supervisors.

The Supervisory Committee composition during the year ended 31 December 2013 and up to the Latest Practicable Date is set out below:

Supervisors

Mr. Wang Mengqiu *(Chairman)*
Mr. Wang Shiwei
Mr. Luo Jun

Employee Representative Supervisors

Ms. Zhang Xiaotao
Mr. Xiao Zhiping

The current Supervisory Committee is the fifth session of the Supervisory Committee. The term of office of the fourth session of the Supervisory Committee expired on 24 March 2013. In accordance with the applicable laws of the PRC, the Supervisors of the fourth session of the Supervisory Committee remained in office and performed their duties until the fifth session of the Supervisory Committee was elected by the Shareholders at the AGM for the year of 2012 held on 25 June 2013.

The Shareholders at the AGM for the year of 2012 approved the re-election of Mr. Wang Mengqiu, Mr. Wang Shiwei and Mr. Luo Jun as Supervisor. In accordance with the Articles and the relevant laws and regulations of the PRC, the re-election of Ms. Zhang Xiaotao and Mr. Xiao Zhiping as employee representative Supervisor for the fifth session of the Supervisory Committee was considered and approved by the employees of the Company on 25 April 2013. The term of office of the fifth session of the Supervisory Committee shall expire on 25 June 2016.

The profiles of the Supervisors in office as at 31 December 2013 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report.

Supervisory Committee Meetings

Pursuant to the Articles, the Supervisory Committee is required to hold at least one committee meeting every six months, to be convened by the chairman of the Supervisory Committee. In case of urgent matters, extraordinary committee meetings may be convened upon proposal by any Supervisor. A notice of meeting shall be given to every Supervisor at least 10 days prior to a committee meeting. The notice of committee meeting shall include the time and place of the meeting, matters and resolutions to be considered at the meeting, and the date of the notice.

A committee meeting must have over two-thirds of all the Supervisors in attendance. The Supervisors may attend the committee meeting in person or appoint another Supervisor in writing to attend the committee meeting by proxy. The Supervisory Committee shall keep minutes of decisions on matters discussed at the meeting and ensure that such minutes are available for inspection by any Supervisor.

Details of Supervisors' attendance at committee meetings, board meetings and shareholders' general meetings of the Company during the year ended 31 December 2013 are set out below:

	Attendances (by Proxy)/Meetings Held		
Name	Supervisory Committee	Board	Shareholders' General Meeting
Supervisors			
Mr. Wang Mengqiu	4(1)/5	5/6	3/3
Mr. Wang Shiwei	5/5	5/6	3/3
Mr. Luo Jun	4(1)/5	5/6	3/3
Employee Representative Supervisors			
Ms. Zhang Xiaotao	5/5	6/6	3/3
Mr. Xiao Zhiping	4(1)/5	3/6	2/3

Corporate Governance Report

INTERNAL CONTROL

The Group is committed to establishing and continually improving our internal control. As the Group developed our business over the years, we strengthened our corporate management and risk control through analysis of past performance and implementation of innovative ideas.

The Group established our internal control based on the *Company Law* of the PRC, *Accounting Law* of the PRC, CASBE, *Basic Administration Rules on Corporate Internal Control* (企業內部控制基本規範) jointly issued by five regulatory bodies of the PRC, and other relevant rules and regulations. We adopted the *Basic Administration Rules on Corporate Internal Control* as part of our internal control in 2011 and continually improved our risk control, disclosure, internal supervision and other key aspects of our internal control since its implementation.

Corporate Structure

The Group had established the structure, roles and responsibilities of the shareholders' general meeting, Board, Board Committees, and Supervisory Committee as detailed in previous sections of this Corporate Governance Report.

The Group continued to improve our corporate structure in 2013 in order to improve efficiency and our management team. We improved the structure of relevant management personnel and amended our authorisation policies which specified the content and consideration of matters delegated to each level of management. The Group amended the functions and responsibilities of certain positions and administrative policies during the same period in accordance with the Group's management strategy. These policies included those relating to human resource management, specialisation of roles and responsibilities, appraisal and discipline, and career development.

Risk Control

The Group had established three levels of risk control, which included each business unit's own risk control team, the Company's Internal Audit and Supervision, and the Board. Each department is responsible for identifying, evaluating and establishing control mechanisms for possible risks relating to their respective businesses. The Company's Internal Audit and Supervision is responsible for reviewing and supervising the implementation of the Group's risk control policies. The Chairman, Mr. Wu Gang, is responsible for directing day-to-day operations of the Group's risk control and reports its effectiveness to the Board.

The Group continued to improve our risk control in 2013 based on our businesses and operating targets. We provided training of our internal policies to relevant employees relating to risk control strategies, management, chain of command and information systems. We collected information on possible risks, performed thorough analysis and amended our strategies accordingly. In addition, we also improved our risk control for international business in 2013 in line with our internationalisation strategy. We reviewed our existing risk control for international projects and amended certain internal policies, which included those relating to roles and responsibilities of relevant departments and effective supervision of every stage of overseas projects.

Internal Policies

The Company was one of the first companies the securities of which were publicly listed on the SZSE and the Stock Exchange to adopt the *Basic Administration Rules on Corporate Internal Control* as part of the Group's internal control. We review our internal policies annually and amend existing or introduce new policies in line with our business development in order to improve our corporate governance.

The Group amended or introduced the following internal policies in 2013 that cover every stage of a wind farm project in order to improve our quality and risk controls as our business grow:

- amended the *Template for Tender Documents and Agreements*, which improved the quality of tender documents and strengthened risk control through the terms and conditions of agreements;
- amended the *Administration Rules on Purchasing*, which improved risk control for our purchasing activities;
- amended the *Procedures for Management of Production*, which improved the implementation of production plans;
- amended the *Administration Rules on Quality Inspection of Project Construction*, which improved the fairness and effectiveness of quality inspections;
- amended the *Operations and Control Procedures for Wind Farms*, which more effectively prevented construction issues from affecting product warranties which may incur losses for the Group;
- amended the *Customer Feedback and Complaints Handling*, which improved the efficiency and quality of our after-sales services;
- introduced the *Administration Rules on Supervision and Testing Equipment*, which improved the management of such equipment and provided better support for quality control;
- introduced the *Guidelines on Video Filing of Pre-delivery Testing for Goldwind's WTGs*, which added video and photographic filing of our WTGs before delivery and improved quality control for execution of orders; and
- introduced the *Procedures for Construction of International Projects*, which clarified the roles and responsibilities of relevant departments relating to every stage of a wind farm project that improved the efficiency of project management for our international projects.

The Group amended and introduced a total of 91 internal policies in 2013, which provided regulatory support for our business development.

Disclosure

The Company is committed to strict compliance with disclosure obligations stipulated by the laws, rules and regulations of Hong Kong and the PRC at all times and we adhere to the principle of complying with the stricter regulations between the two jurisdictions.

The Company's Office of Secretary of the Board, assisted by Corporate Finance and other relevant departments, is responsible for the day-to-day management of the Company's disclosure obligations. It had established the *Administration Rules on Information Disclosure, Rules on Conducting Connected Transactions, Administration Rules on Guarantees, Administration Rules on Financial Assistance, Administration Rules on Investor Relations*, among other internal policies, and is responsible for monitoring the implementation of such policies.

The Company continued to improve its internal control and compliance with disclosure obligations in 2013. The Company introduced the *Administration Rules on Accountability of Material Violations of Information Disclosure Obligations* and *Administration Rules on Financial Trusts* in 2013 that improved the efficiency of and provided stricter procedures for the Company's compliance and disclosure management. In addition, the Company continued to strengthen its communication with investors and potential investors. Details regarding the Company's investor relations in 2013 are set out in the section headed "Investor Relations" on page 75 of this annual report.

Corporate Governance Report

Internal Supervision

The Company's Internal Audit and Supervision is under the direct leadership of the Audit Committee and plays a key role in our internal control and risk control. It had established the *Internal Control, Supervision and Monitoring Policy, Auditing Handbook, Administration Rules on Risk Management, Rules on Anti-Fraud, Audit Procedures for Complaints*, among other internal policies, and is responsible for monitoring the implementation of such policies. These policies are responsible for ensuring the Group's audit supervision and risk control.

The Company's Internal Audit and Supervision established 24 internal audit projects in 2013, which included 13 comprehensive internal audits for major business units and subsidiaries and 11 specialist audits for significant matters and complaints. Such internal audits enabled the Company to identify weaknesses in its management, continually monitor those weaknesses, and improve the Group's management, efficiency and internal control.

SENIOR MANAGEMENT

The Senior Management is charged with implementing the strategies and directions as determined by the Board. In discharging their responsibilities, Senior Management must comply with business principles and ethics which are consistent with those expected by the Board, the Shareholders and other stakeholders.

The responsibilities undertaken by the Senior Management include:

- management of the Company's production and operations;
- establishment of corporate policies and the management framework of the Company;
- appointment, evaluation or dismissal of employees of the Company; and
- implementation of resolutions of the Board.

Senior Management Composition

As at the Latest Practicable Date, the Senior Management comprised of nine members, which included the President, two executive vice presidents, four vice presidents, the Secretary of the Board and Company Secretary, who concurrently holds the position of vice president, the Chief Financial Officer, and the Chief Engineer.

The Senior Management composition during the year ended 31 December 2013 and up to the Latest Practicable Date is set out below:

President

Mr. Wu Gang (resigned on 9 January 2013)
Mr. Wang Haibo (appointed on 9 January 2013)

Executive Vice Presidents

Mr. Cao Zhigang
Mr. Wu Kai (appointed on 26 June 2013)

Vice Presidents

Mr. Liu Wei (appointed on 9 January 2013)
Mr. Yang Hua
Ms. Ma Jinru
Mr. Wang Xiangming
Mr. Jürgen Rinck (term ended on 24 March 2013)

Secretary of the Board and Company Secretary

Ms. Ma Jinru

Chief Financial Officer

Mr. Huo Changbao

Chief Engineer

Mr. Liu He

As disclosed in the Company's announcement dated 26 June 2013, the fifth session of the Board re-appointed Mr. Wang Haibo as the President, Mr. Cao Zhigang as executive vice president, Mr. Liu Wei, Mr. Yang Hua and Mr. Wang Xiangming as vice president, Ms. Ma Jinru as the Secretary of the Board, Company Secretary and vice president, Mr. Huo Changbao as the Chief Financial Officer, and Mr. Liu He as the Chief Engineer of the Company. Mr. Wu Kai, formerly a vice president of the Company, was appointed as executive vice president of the Company. Their term of offices shall expire on 25 June 2016.

The profiles of the Senior Management in office as at 31 December 2013 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report.

Company Secretary

The Company Secretary as at the Latest Practicable Date is Ms. Ma Jinru. She supports the Chairman, Board and Board Committees by ensuring good information flow and that Board policies and procedures are followed. She advises the Board on corporate governance matters and facilitates the induction and professional development of the Directors. Ms. Ma Jinru is an employee of the Company and was appointed by the Board. Any Director may call upon her for advice and assistance at any time in respect to their duties and the effective operations of the Board. She also plays an essential role in managing the Company's disclosure obligations and maintaining the relationship between the Company and the Shareholders, including assisting the Board in discharging its obligations to the Shareholders pursuant to the Listing Rules.

Ms. Ma Jinru participated in approximately 38 hours of relevant professional training during the year ended 31 December 2013 relating to, among others, regulatory updates, corporate governance and business and market related topics of the Company and our industry in order to develop and refresh her knowledge and skills.

Corporate Governance Report

Interests of Senior Management

Based on information known to the Company, as at 31 December 2013, the interests and short positions of Senior Management in shares of the Company are set out below:

Name	Position	Date of Appointment	Share Category	Number of Shares
Mr. Wang Haibo	President	9 January 2013	–	–
Mr. Cao Zhigang	Executive Vice President	25 March 2010	A Shares	9,368,024
Mr. Wu Kai	Executive Vice President	26 June 2013	–	–
Mr. Liu Wei	Vice President	9 January 2013	–	–
Mr. Yang Hua	Vice President	24 January 2011	–	–
Mr. Wang Xiangming	Vice President	24 March 2007	A Shares	18,850,400
Ms. Ma Jinru	Secretary of the Board, Company Secretary and Vice President	25 March 2010	–	–
Mr. Huo Changbao	Chief Financial Officer	1 January 2012	–	–
Mr. Liu He	Chief Engineer	23 March 2012	–	–

AUDITORS

Ernst & Young and Ernst & Young Hua Ming LLP were re-appointed as the Company's auditors for the financial year ended 31 December 2013. The Audit Committee reviewed and confirmed the auditors' independence and that there were no relationships between the auditors and the Company which may reasonably be thought to bear on their independence.

The services received from our auditors and the respective fees payable (excluding tax) by the Company for the financial year ended 31 December 2013 are set out below:

Unit: RMB million

Service	Year ended 31 December 2013	2012
Audit		
Audit of annual report and other related services	**5.06**	5.33
Audit of internal control	**0.47**	0.47
Non-audit		
Review of interim report	**1.68**	–
Total	**7.21**	5.80

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

The Directors acknowledge their responsibility for preparing the financial statements for each financial year which give a true and fair view of the state of affairs, results and cash flows of the Group. In preparing the Financial Statements, the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that were prudent, fair and reasonable and prepared the Financial Statements on a going concern basis. The Directors are responsible for keeping proper accounting records and accurately disclosing the financial position, results, cash flows, and changes in equity of the Group in a timely manner.

The Directors' and auditor's responsibilities for the Financial Statements are set out in the section headed "Independent Auditor's Report" on page 78 of this annual report.

AMENDMENTS TO THE ARTICLES

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 CSRC, the *Notice of Implementation of Cash Dividends Distribution 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 has amended relevant provisions regarding the dividend distribution policy in the Articles, for which the Shareholders' approval was obtained at the first EGM of 2013 held on 8 January 2013. Details of the amendments were disclosed in the Company's announcement and circular dated 24 August 2012 and 16 November 2012, respectively.

Other than the aforementioned amendments, there were no significant changes to the Articles during the year ended 31 December 2013. The latest version of the Articles is available in both English and Chinese languages on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company is committed to protecting the interests of its investors. The Company adheres to strict disclosure principles and strives to ensure that the information disclosed in its announcements, circulars and periodic reports are true, accurate and complete, and disclosures are made in a timely manner. In addition, the Company encourages regular communication and interaction with its investors and potential investors in order to allow them to better understand the wind power industry, the Company, and its long-term development strategies. The Company had established the Investor Relations division within its Office of Secretary of the Board which is responsible for organising investor visits and conferences, responding to queries from the Investor Relations Hotline, attending to the Investor Relations email inbox and SZSE's investor interactive platform, analysing information contained in the Company's disclosure documents and assisting investors with related queries, and updating the "Investor Relations" section on the Company's website in a timely manner.

In 2013, the Company strictly complied with its disclosure obligations, improved its communications with investors, and strived to provide investors with a fair and transparent investment environment. During the same period, the Company's Investor Relations division organised two results announcement road shows, four results announcement telephone conferences, and two online Q&A investor interactive sessions, and accommodated 78 investor visits. In addition, the Company attended five analyst conferences in 2013. The Company hosted a total of 888 investors through such events.

Environmental, Social and Governance Report

Throughout the history of Goldwind, we received continued support from the government, Shareholders and other stakeholders which enabled us to remain profitable. At the same time, the Group is also committed to contributing to society and strives to adhere to the highest standards of corporate citizenship. The Group establishes certain corporate social responsibility targets every year. Our primary targets and relevant works performed by the Group to meet such targets in 2013 are outlined in the following sections.

COMMUNITY OUTREACH

Goldwind is committed to performing our corporate social responsibilities and contributing to our communities, providing more employment opportunities and enabling these communities to develop with us. We invested much of our resources in China and abroad in 2013 and provided many employment opportunities and tax revenue for these communities. The Group paid more than RMB800 million in taxes in 2013 and had paid more than RMB4.5 billion in taxes from our incorporation to the end of 2013.

One of Goldwind's primary targets every year is to organise and participate in charitable activities and contribute to the development of our communities. In 2013, Goldwind organised the "Together with Ya'an" charity event which raised approximately RMB300,000 in cash and goods donations for Ya'an's earthquake victims. Goldwind successfully held our second international youth summer camp during the year, which was attended by 88 children and included six orphan victims of Yushu's earthquake in 2010. In addition, Goldwind organised several charitable activities for nursing homes and orphanages and organised visits to our wind farms for schoolchildren in 2013.

Goldwind's international business is growing every year. It is important to increase our corporate social responsibility efforts towards international markets to complement our business development, assist the development of local economies, participate in local charitable activities and contribute to our international communities. In 2013, in line with our strategy of "internationalisation through localisation", the development of the Penonome wind farm project in Panama by Goldwind and the project developer provided local communities with many employment opportunities and brought businesses to local suppliers of construction equipment and materials. In addition, Goldwind continued to contribute to international charities in 2013 including Red Cross and Oxfam.

SHAREHOLDERS AND BOND HOLDERS

Ordinary shares of the Company were publicly listed on SZSE in 2007 and the Stock Exchange in 2010 and Corporate Bonds were issued in 2012. The Company targeted improved corporate governance and compliance with laws, rules and regulations in 2013. The Company adhered to its disclosure principles in 2013 and efforts were made to ensure that the information disclosed by the Company were true, accurate and complete, and disclosures were made in a timely manner. The Company had established several internal policies relating to managing its disclosure obligations and, in 2013, introduced two additional policies to strengthen its compliance. Details are set out in the section headed "Disclosure" on page 71 of this annual report.

In addition to fulfilling the Company's compliance obligations, efforts were made in 2013 to improve communications between Shareholders and the Company. The Company already implemented its *Administration Rules on Investor Relations* and will periodically review and amend relevant provisions. The Company's Investor Relations division organised more investor visits and conferences in order to strengthen communication of the Company's business and financial performance to Shareholders. Details are set out in the section headed "Investor Relations" on page 75 of this annual report.

Since the securities of the Company were publicly listed on SZSE in 2007, the Company provided Shareholders with investment returns through distribution of share and cash dividends every year. Since the securities of the Company were publicly listed on the Stock Exchange in 2010, the Company distributed cash dividends every year, enabling our Shareholders to share the Company's growth and enjoy a sustained return on investment.

EMPLOYEES

Employees are Goldwind's most valuable resources. The efforts and contributions of our employees enabled Goldwind to be established, grow and develop, and will continue to shape Goldwind's future. We are committed to our "work hard, play hard" corporate culture. In 2011, we founded Goldwind University to provide educational and career development opportunities to our employees. Goldwind University also has many sports facilities including a football field, swimming pool, gymnasium, basketball court, tennis courts, badminton courts and table tennis tables that enable our employees to develop healthy lifestyles and provide a platform for employees to interact and network with each other.

Goldwind continued to invest in the education and development of our employees in 2013. Goldwind University organised numerous training programmes relating to technology, finance, compliance, corporate governance and business management, and invited highly experienced experts from wind power, finance and legal industries to share their knowledge. In addition, Goldwind University also provided several training courses for sports during the year, including swimming, badminton and table tennis training courses.

CUSTOMERS AND SUPPLIERS

Goldwind is committed to our principle of discovering and creating value for our customers. Supported by innovation, we are committed to provide excellent quality products and services to our customers, help our customers to improve power generation and lower operations and maintenance cost for their wind farms, and enable our customers to realise their investment returns throughout a 20-year period.

Goldwind appreciate and respect the contributions of our suppliers towards the development of Goldwind and the wind power industry. We established anti-bribery agreements with our suppliers and we never unnecessarily withhold due payments. We provided our suppliers with contact information of the Company's Internal Audit and Supervision, which included a direct extension telephone number and email, in order to regulate any inappropriate behaviour. In addition, Goldwind organises annual suppliers' conventions to establish a transparent and fair competitive environment. We built a strategic alliance with our suppliers that will enable our cooperation together towards further innovation in terms of technology and business management, among other areas.

The Group established several internal policies relating to quality and cost control and, in 2013, introduced additional policies to strengthen our internal control and safeguard the interests of our customers and suppliers. Details are set out in the section headed "Internal Policies" on page 70 of this annual report.

ENVIRONMENTAL PROTECTION

Goldwind is focused on improving our comprehensive wind power solutions and believes in our obligation to contribute to environmental protection. Following 15 years of hard work, Goldwind's accumulated installed wind power capacity exceeded 19GW. This was equivalent to a savings of approximately 13 million tons of standard coal per year, reductions of carbon dioxide emissions by approximately 39 million tons, or planting approximately 21 million cubic metres of forest.

Independent Auditors' Report

EY 安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue,
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

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

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

We have audited the consolidated financial statements of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 80 to 203, which comprise the consolidated and company statements of financial position as at 31 December 2013, 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.

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.

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

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 2013, 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
22/F CITIC Tower
1 Tim Mei Avenue
Central Hong Kong
21 March 2014

Consolidated Statement of Comprehensive Income

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	5	**12,196,240**	11,224,926
Cost of sales		**(9,741,963)**	(9,632,600)
Gross profit		**2,454,277**	1,592,326
Other income and gains	5	**419,018**	585,554
Selling and distribution expenses		**(1,202,407)**	(876,456)
Administrative expenses		**(839,147)**	(712,741)
Other expenses		**(154,483)**	(109,928)
Finance costs	7	**(319,806)**	(392,127)
Share of profits and losses of:			
Joint ventures	19	**106,029**	42,311
Associates	20	**42,069**	77,917
PROFIT BEFORE TAX	6	**505,550**	206,856
Income tax expense	9	**(71,914)**	(41,387)
PROFIT FOR THE YEAR		**433,636**	165,469
Profit attributable to:			
Owners of the Company		**427,646**	153,054
Non-controlling interests		**5,990**	12,415
		433,636	165,469
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods：			
Available-for-sale investments:			
Changes in fair value		**269,776**	(4,096)
Income tax effect		**–**	187
		269,776	(3,909)
Exchange differences on translation of foreign operations		**(103,785)**	12,572
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**165,991**	8,663

continued/...

	2013 RMB'000	2012 RMB'000
Other comprehensive income not to be reclassified to profit or loss in subsequent periods：		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**34,552**	–
Reclassification adjustments for gains included in the consolidated statement of financial position	**(16,471)**	–
	18,081	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**18,081**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**184,072**	8,663
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**617,708**	174,132
Total comprehensive income attributable to:		
Owners of the Company	**611,718**	161,717
Non-controlling interests	**5,990**	12,415
	617,708	174,132
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:		
Basic and diluted	**RMB0.16**	RMB0.06

Consolidated Statement of Financial Position

31 December 2013

	Notes	As at 31 December 2013 RMB'000	 2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**10,349,292**	5,366,421
Investment properties	14	**79,489**	82,385
Prepaid land lease payments	15	**123,861**	108,402
Goodwill	16	**311,674**	310,848
Other intangible assets	17	**369,226**	428,736
Investments in joint ventures	19	**506,529**	485,098
Investments in associates	20	**350,624**	364,065
Available-for-sale investments	21	**865,162**	544,246
Deferred tax assets	22	**714,170**	516,365
Trade receivables	24	**928,834**	304,747
Prepayments, deposits and other receivables	25	**211,739**	217,011
Derivative financial instruments	30	**–**	94,830
Pledged deposits	26	**266,240**	–
Total non-current assets		**15,076,840**	8,823,154
CURRENT ASSETS			
Inventories	23	**3,002,477**	3,511,626
Trade and bills receivables	24	**9,804,087**	10,114,634
Prepayments, deposits and other receivables	25	**2,095,790**	1,790,450
Derivative financial instruments	30	**116,840**	–
Pledged deposits	26	**134,337**	143,832
Cash and cash equivalents	26	**4,320,749**	6,817,928
		19,474,280	22,378,470
Assets of a disposal group classified as held for sale	27	**793,729**	1,194,874
Total current assets		**20,268,009**	23,573,344
CURRENT LIABILITIES			
Trade and bills payables	28	**9,066,852**	8,504,996
Other payables and accruals	29	**1,555,806**	1,346,352
Interest-bearing bank loans	31	**570,705**	389,211
Tax payable		**125,188**	57,817
Provision	32	**627,041**	671,205
		11,945,592	10,969,581
Liabilities directly associated with the assets classified as held for sale	27	**567,406**	1,296,822
Total current liabilities		**12,512,998**	12,266,403
NET CURRENT ASSETS		**7,755,011**	11,306,941
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,831,851**	20,130,095

continued/...

	Notes	As at 31 December 2013 RMB'000	2012 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,831,851**	20,130,095
NON-CURRENT LIABILITIES			
Trade payables	28	**397,206**	244,656
Other payables	29	**10,292**	–
Derivative financial instruments	30	**363**	–
Interest-bearing bank loans and other borrowing	31	**7,394,091**	5,715,906
Deferred tax liabilities	22	**31,558**	38,801
Provision	32	**970,889**	683,941
Government grants	33	**234,516**	161,166
Total non-current liabilities		**9,038,915**	6,844,470
Net assets		**13,792,936**	13,285,625
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	34	**2,694,588**	2,694,588
Reserves	35(a)	**10,457,371**	10,059,864
Proposed final dividend	11	**215,567**	148,202
		13,367,526	12,902,654
Non-controlling interests		**425,410**	382,971
Total equity		**13,792,936**	13,285,625

Wu Gang
Director

Wang Haibo
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

	Attributable to owners of the Company										
	Issued share capital 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 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

continued/...

	Attributable to owners of the Company											
	Issued share capital 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	Cash flow hedges, net of tax 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 1 January 2013	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
Profit for the year	–	–	–	–	427,646	–	–	–	–	427,646	5,990	433,636
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investment, net of tax	–	–	–	–	–	269,776	–	–	–	269,776	–	269,776
Cash flow hedges, net of tax	–	–	–	–	–	–	18,081	–	–	18,081	–	18,081
Exchange differences on translations of foreign operations	–	–	–	–	–	–	–	(103,785)	–	(103,785)	–	(103,785)
Total comprehensive income for the year	–	–	–	–	427,646	269,776	18,081	(103,785)	–	611,718	5,990	617,708
Final 2012 dividend declared	–	–	–	–	–	–	–	–	(148,202)	(148,202)	–	(148,202)
Profit appropriation to reserves	–	–	–	53,295	(53,295)	–	–	–	–	–	–	–
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(8,440)	(8,440)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	28,700	28,700
Disposal of shares to non-controlling shareholders	–	1,356	–	–	–	–	–	–	–	1,356	16,189	17,545
Proposed final 2013 dividend	–	–	–	–	(215,567)	–	–	–	215,567	–	–	–
Transfer to special reserve	–	–	25,998	–	–	–	–	–	–	25,998	–	25,998
Special reserve utilised	–	–	(25,998)	–	–	–	–	–	–	(25,998)	–	(25,998)
As at 31 December 2013	2,694,588	*7,992,612	–	*586,166	*1,845,996	*266,815	*18,081	*(252,299)	215,567	13,367,526	425,410	13,792,936

* As at 31 December 2013, these reserve accounts comprised the consolidated reserves of RMB10,457,371,000 (31 December 2012: RMB10,059,864,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**505,550**	206,856
Adjustments for:			
Finance costs	7	**319,806**	392,127
Foreign exchange differences, net		**–**	18,113
Bank interest income		**(2,615)**	(146)
Share of profits and losses of joint ventures	19	**(106,029)**	(42,311)
Share of profits and losses of associates	20	**(42,069)**	(77,917)
Depreciation	6	**176,450**	186,468
Amortisation of prepaid land lease payments	6	**2,628**	3,204
Amortisation of other intangible assets	6	**52,286**	44,930
(Gain)/loss on disposals of items of property, plant and equipment and other intangible assets, net		**(69)**	67
Gain on disposals of subsidiaries	5	**(118,022)**	(244,080)
Gain on disposal of joint ventures	5	**(15,833)**	(43,865)
Gain on disposal of available-for-sale investments	5	**(85,992)**	–
Dividend income from available-for-sale investments	5	**(1,879)**	–
Gain on other investments		**(9,047)**	(2,797)
Net fair value gain on derivative financial instruments	5	**(3,566)**	(1,637)
Impairment of trade and other receivables	6	**85,963**	48,541
Write-down of inventories to net realisable value	6	**47,671**	58,782
Government grants		**(6,057)**	(19,246)
		799,176	527,089
Decrease in inventories		**471,679**	1,061,153
(Increase)/Decrease in trade and bills receivables		**(453,138)**	148,737
Decrease/(increase) in prepayments, deposits and other receivables		**55,227**	(127,387)
Decrease in equity investment at fair value through profit or loss		**–**	94,035
Increase in trade and bills payables		**850,826**	917,257
Increase/(decrease) in other payables and accruals		**232,438**	(115,178)
Increase in provision		**242,784**	85,463
Increase in government grants		**8,020**	12,694
Cash generated from operations		**2,207,012**	2,603,863
Income tax paid		**(276,963)**	(103,925)
Net cash flows from operating activities		**1,930,049**	2,499,938

continued/...

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(6,171,114)**	(2,585,787)
Additions of prepaid land lease payments		**(18,087)**	(12,694)
Additions of other intangible assets		**(30,232)**	(93,180)
Acquisitions of subsidiaries, net of cash acquired		**(13,193)**	(123,004)
Acquisitions of non-controlling interests in subsidiaries		**–**	(31,050)
Purchases of shareholding in joint ventures		**–**	(60,573)
Purchases of shareholding in associates		**(3,380)**	(19,857)
Purchases of available-for-sale investments		**(90,303)**	(275,400)
Purchase of other long term assets		**(58,000)**	–
Receipt of government grants		**72,929**	399,657
Disposal of shareholding in joint ventures and other entities		**79,041**	80,377
Disposal of interests in subsidiaries to non-controlling shareholder		**17,545**	–
Proceeds from disposals of items of property, plant and equipment, prepaid land lease payments and other intangible assets		**12,747**	89,433
Disposals of subsidiaries, net of cash disposed of	36	**20,627**	446,661
Disposals of assets held for sale		**70,000**	–
Cash and cash equivalents included in assets held for sale	27	**(30,124)**	(28,892)
Repayments of loans from joint ventures		**–**	11,263
Repayments of loans from associates		**–**	7,942
Repayments of loans to joint ventures		**–**	(4,512)
Increase in pledged deposits		**(62,550)**	(1,627)
Increase in non-pledged time deposits with original maturity of three months or more when acquired		**(34,849)**	(171,312)
Bank interest income		**2,615**	146
Dividend income from available-for-sale investments		**1,879**	–
Dividend received from joint ventures and associates		**64,190**	59,710
Gain on disposal of available-for-sale investments		**83,912**	–
Gain on other investments		**9,110**	8,806
Net cash flows used in investing activities		**(6,077,237)**	(2,303,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and corporate bond		**3,539,402**	5,614,247
Repayment of bank loans		**(1,048,617)**	(6,360,708)
(Decrease)/increase in payables to the non-controlling shareholders of subsidiaries		**(25,495)**	10,646
Interest paid		**(452,721)**	(311,176)
Capital contributions from non-controlling shareholders		**23,000**	41,311
Dividend paid to owners of the Company		**(148,202)**	(134,729)
Dividend paid to non-controlling shareholders		**(8,658)**	(22,806)
Up-front fees for syndicated loan		**(39,873)**	–
Net cash flows from/(used in) financing activities		**1,838,836**	(1,163,215)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,308,352)**	(967,170)
Cash and cash equivalents at beginning of year		**6,604,328**	7,554,630
Effect of foreign exchange rate changes, net		**(19,675)**	16,868
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	**4,276,301**	6,604,328

Statement of Financial Position

31 December 2013

	Notes	As at 31 December 2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**169,899**	194,095
Investment properties	14	**69,217**	71,355
Prepaid land lease payments	15	**21,875**	22,433
Other intangible assets	17	**95,239**	120,269
Investments in subsidiaries	18	**6,598,761**	6,181,831
Investments in associates	20	**54,000**	54,000
Deferred tax assets	22	**299,155**	258,732
Trade receivables	24	**533,591**	201,137
Prepayments, deposits and other receivables	25	**2,171**	69,744
Pledged deposits	26	**163,463**	–
Total non-current assets		**8,007,371**	7,173,596
CURRENT ASSETS			
Inventories	23	**1,382,431**	1,848,242
Trade and bills receivables	24	**8,510,521**	8,301,296
Prepayments, deposits and other receivables	25	**5,166,644**	4,290,625
Pledged deposits	26	**–**	347
Cash and cash equivalents	26	**2,527,492**	3,240,001
Total current assets		**17,587,088**	17,680,511
CURRENT LIABILITIES			
Trade and bills payables	28	**6,855,895**	7,300,223
Other payables and accruals	29	**1,677,046**	1,423,089
Interest-bearing bank loans	31	**88,405**	50,000
Tax payable		**36,685**	8,490
Provision	32	**525,077**	504,132
Total current liabilities		**9,183,108**	9,285,934
NET CURRENT ASSETS		**8,403,980**	8,394,577
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,411,351**	15,568,173

continued/...

	Notes	As at 31 December **2013** **RMB'000**	2012 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,411,351**	15,568,173
NON-CURRENT LIABILITIES			
Trade payables	28	**372,587**	138,743
Interest-bearing bank loans and other borrowing	31	**2,988,940**	2,980,461
Provision	32	**769,505**	550,464
Government grants	33	**123,032**	118,017
Total non-current liabilities		**4,254,064**	3,787,685
Net assets		**12,157,287**	11,780,488
EQUITY			
Issued share capital	34	**2,694,588**	2,694,588
Reserves	35(b)	**9,247,132**	8,937,698
Proposed final dividend	11	**215,567**	148,202
Total equity		**12,157,287**	11,780,488

Wu Gang
Director

Wang Haibo
Director

Notes to Financial Statements

31 December 2013

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1. BASIS OF PRESENTATION (continued)

Basis of consolidation (continued)

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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
IAS 19 (Revised)	*Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012

Other than as further explained below regarding the impact of IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 19 (Revised), amendments to IFRS 10, IFRS 11, IFRS 12, IAS 1 and IAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

Notes to Financial Statements

31 December 2013

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

a) IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in SIC-12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in IFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by IFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

   As a result of the application of IFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

   The application of IFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

b) 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. The classification of joint arrangements under IFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with IAS 28 (Revised). The application of this new standard had no financial impact on the Group.

c) IFRS 12 sets out 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. Details of the disclosures for subsidiaries, joint ventures and associates are included in notes 18, 19 and 20 to the financial statements.

d) The IFRS 10, IFRS 11 and IFRS 12 Amendments 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. These amendments have no material impact on the Group.

e) 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 rather provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. IFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in IFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by IFRS 13 for the fair value measurements of investment properties and financial instruments are included in note 42 to the financial statements. The application of this new standard has no material impact on the group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

f) The IAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes.

g) IAS 19 (Revised) includes 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. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

h) The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

i) *Annual Improvements 2009-2011 Cycle* issued in May 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- 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.

Notes to Financial Statements

31 December 2013

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

i) (continued)

- 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.

2.3 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 9	*Financial Instruments*[3]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[3]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27(Revised) – *Investment Entities*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 No mandatory effective date yet determined but is available for adoption

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

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

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: (continued)

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 as 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 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.

In December 2013, the IASB added to IFRS 9 the requirements related to hedge accounting and made some related changes to IAS 39 and IFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to IFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to IFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other IFRS 9 requirements at the same time.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of IFRS 9 was removed by the IASB in December 2013 and a mandatory effective date will be determined after the entire replacement of IAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to IFRS 10 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.

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.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

Investments in associates and joint ventures

An associate is an 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures 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)

Investments in associates and joint ventures (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

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 measure 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.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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.

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 of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its derivative financial instruments and listed equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorises within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 of disposal, 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.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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.

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. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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.

Notes to Financial Statements

31 December 2013

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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

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.

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 are classified, at initial recognition, 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. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, 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.

Notes to Financial Statements

31 December 2013

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 profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as 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 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 profit or loss. The loss arising from impairment is recognised in finance costs for loans and in other expenses for receivables.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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 as 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 gain or losses. 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, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

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.

Notes to Financial Statements

31 December 2013

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 primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

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. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually 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.

The amount of any impairment loss identified 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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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 other expenses 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.

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. "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 are classified, at initial recognition, 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.

Notes to Financial Statements

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Initial recognition and measurement (continued)

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.

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 repurchasing 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.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contract and interest rate swap, to hedge its foreign currency risk and interest rate 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 and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Initial recognition and subsequent measurement (continued)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in other comprehensive income are transferred to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

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, and assets similar in nature to cash, which are not restricted as to use.

Notes to Financial Statements

31 December 2013

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 joint ventures, 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 joint ventures, 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.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to profit or loss over the expected useful lives of the relevant assets 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.

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

(b) from the sale of electricity, upon the transmission of electric power to 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

Dividends

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

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

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates 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 measured. 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).

Notes to Financial Statements

31 December 2013

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries, joint ventures and associates 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.

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.

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 amounts 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 2013 was approximately RMB10,349,292,000 (31 December 2012: RMB5,366,421,000). More details are given in note 13.

Notes to Financial Statements

31 December 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2013 was approximately RMB311,674,000 (31 December 2012: RMB310,848,000). 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 2013 was RMB125,188,000 (31 December 2012: RMB57,817,000).

Deferred income tax

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

The carrying amount of deferred tax assets as at 31 December 2013 was RMB714,170,000 (31 December 2012: RMB516,365,000). More details are given in note 22.

The carrying amount of deferred tax liabilities as at 31 December 2013 was RMB31,558,000 (31 December 2012: RMB38,801,000). 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 2013 was RMB10,732,921,000 (31 December 2012: RMB10,419,381,000). More details are given in note 24.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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 2013, the best estimate of the carrying amount of warranty provision was RMB1,597,930,000 (31 December 2012: RMB1,355,146,000). More details are given in note 32.

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.

Notes to Financial Statements

31 December 2013

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2013

	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	11,221,663	589,955	384,622	–	12,196,240
Intersegment sales	3,525,441	183,707	–	(3,709,148)	–
Total revenue	14,747,104	773,662	384,622	(3,709,148)	12,196,240
Segment results:	973,165	23,920	142,683	(351,937)	787,831
Interest income	66,435	302	8,609	(37,821)	37,525
Finance costs	(222,933)	–	(134,694)	37,821	(319,806)
Profit before tax	816,667	24,222	16,598	(351,937)	505,550
Segment assets	29,344,232	699,728	16,105,217	(10,804,328)	35,344,849
Segment liabilities	14,781,679	1,317,978	12,372,106	(6,919,850)	21,551,913
Other segment information:					
Share of profits and losses of:					
Joint ventures	–	–	106,029	–	106,029
Associates	28,143	779	13,147	–	42,069
Depreciation and amortisation	132,525	2,784	109,103	(13,048)	231,364
Write-down of inventories to net realisable value	47,671	–	–	–	47,671
Impairment of trade and other receivables	152,650	9,019	–	–	161,669
Reversal of impairment of trade and other receivables	(75,706)	–	–	–	(75,706)
Product warranty provision	563,612	–	–	(92,565)	471,047
Investments in joint ventures	9,135	–	616,744	(119,350)	506,529
Investments in associates	228,485	7,359	151,585	(36,805)	350,624
Capital expenditure[(1)]	134,596	1,659	6,214,623	(424,266)	5,926,612

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:					
Joint ventures	–	–	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 joint ventures	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

(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.

Notes to Financial Statements

31 December 2013

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2013 RMB'000	2012 RMB'000
Mainland China	**10,834,854**	9,926,322
Overseas	**1,361,386**	1,298,604
	12,196,240	11,224,926

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

(b) Non-current assets

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Mainland China	**9,177,394**	6,241,942
United States of America	**318,316**	271,465
Germany	**528,065**	532,333
Australia	**1,448,871**	142,496
Others	**702,672**	174,730
	12,175,318	7,362,966

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 years ended 31 December 2013 and 31 December 2012, 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	**2013 RMB'000**	2012 RMB'000
Revenue			
Sale of wind turbine generators and wind power components		**11,221,663**	10,580,843
Wind power services		**589,955**	392,126
Wind power generation		**384,622**	251,957
		12,196,240	11,224,926
Other income			
Bank interest income		**37,525**	89,151
Dividend income from available-for-sale investments		**1,879**	–
Gross rental income		**3,128**	5,150
Government grants		**36,893**	89,001
Value-added tax refund		**8,442**	5,351
Insurance compensation on product warranty expenditures		**67,887**	63,154
Others		**20,946**	32,856
		176,700	284,663
Gains			
Gain on disposals of subsidiaries, including wind farm project companies	36	**118,022**	244,080
Gain on disposals of investments in joint ventures		**15,833**	43,865
Gain on disposals of available-for-sale investments		**85,992**	–
Gain on disposals of items of property, plant and equipment		**427**	1,640
Net fair value gain on derivative financial instruments – transactions not qualifying as hedges	30	**3,566**	1,637
Others		**18,478**	9,669
		242,318	300,891
		419,018	585,554

Notes to Financial Statements

31 December 2013

6. PROFIT BEFORE TAX

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

	Notes	2013 RMB'000	2012 RMB'000
Cost of inventories sold		**9,036,217**	9,183,514
Depreciation (note (a)) provided for:			
Property, plant and equipment	13	**173,554**	183,572
Investment properties	14	**2,896**	2,896
		176,450	186,468
Amortisation of prepaid land lease payments	15	**2,628**	3,204
Amortisation of other intangible assets	17	**52,286**	44,930
		54,914	48,134
Impairment of trade and bills receivables	24	**145,614**	165,093
Reversal of impairment of trade and bills receivables	24	**(75,702)**	(116,552)
Impairment of prepayments, deposits and other receivables	25	**16,055**	–
Reversal of impairment of prepayments, deposits and other receivables	25	**(4)**	–
		85,963	48,541
Write-down of inventories to net realisable value		**47,671**	58,782
Loss on disposals of items of property, plant and equipment and other intangible assets, net		**358**	67
Minimum lease payments under operating leases of land and buildings		**21,419**	23,101
Auditors' remuneration		**7,211**	5,802
Employee benefit expenses (including directors', supervisors' and the chief executive's remuneration):			
Wages and salaries		**545,271**	433,529
Pension scheme contributions (defined contribution scheme) (note (b))		**41,537**	38,085
Welfare and other expenses		**94,592**	82,765
		681,400	554,379

6. PROFIT BEFORE TAX (continued)

	Notes	**2013 RMB'000**	2012 RMB'000
Research and development costs:			
Staff costs		**133,706**	116,282
Amortisation and depreciation		**10,620**	8,061
Materials expenditure and others		**129,929**	110,299
		274,255	234,642
Government grants (note (c))		**(36,893)**	(89,001)
Product warranty provision:			
Additional provision	32	**517,859**	461,863
Reversal of unutilised provision	32	**(46,812)**	(88,343)
		471,047	373,520
Insurance compensation on product warranty expenditures		**(67,887)**	(63,154)
Foreign exchange differences, net		**35,324**	18,113
Net fair value gain on derivate financial instruments – transactions not qualifying as hedges		**(3,566)**	(1,637)
Dividend income from available-for-sale investments		**(1,879)**	–
Bank interest income		**(37,525)**	(89,151)
Gain on disposals of subsidiaries, including wind farm project companies	36	**(118,022)**	(244,080)
Gain on disposals of available-for-sale investments		**(85,992)**	–
Gain on disposals of investments in joint ventures		**(15,833)**	(43,865)
Gain on disposals of items of property, plant and equipment		**(427)**	(1,640)

Notes:

(a) Depreciation of approximately RMB117,375,000 is included in the cost of sales on the face of the consolidated statement of comprehensive income for the year ended 31 December 2013 (2012: RMB123,854,000).

(b) As at 31 December 2013, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (31 December 2012: 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 government grants as deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to Financial Statements

31 December 2013

7. FINANCE COSTS

	2013 RMB'000	2012 RMB'000
Interest on bank loans and other borrowing wholly repayable:		
Within five years	**294,688**	399,499
Above five years	**162,652**	65,958
Interest on bills discounted	**–**	7,347
	457,340	472,804
Less: Interest capitalised (note 13)	**(137,534)**	(80,677)
	319,806	392,127

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:

	2013 RMB'000	2012 RMB'000
Fees	**534**	400
Other emoluments:		
– Salaries, allowances and benefits in kind	**3,648**	3,122
– Performance related bonuses	**3,603**	2,069
– Pension scheme contributions (defined contribution scheme)	**165**	115
	7,950	5,706

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 2013

	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)	–	810	870	24	1,704
Wang Haibo	–	920	1,092	36	2,048
Cao Zhigang**	–	874	793	33	1,700
	–	2,604	2,755	93	5,452
Non-executive directors					
Li Ying	–	–	–	–	–
Hu Yang	–	–	–	–	–
Yu Shengjun**	–	–	–	–	–
Ji Dongmei*	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Tin Yau Kelvin Wong	200	–	–	–	200
Luo Zhenbang**	117	–	–	–	117
Yang Xiaosheng**	117	–	–	–	117
Shi Pengfei*	100	–	–	–	100
Wang Yousan*	–	–	–	–	–
	534	–	–	–	534
Supervisors					
Xiao Zhiping	–	538	508	36	1,082
Zhang Xiaotao	–	506	340	36	882
Wang Mengqiu	–	–	–	–	–
Luo Jun	–	–	–	–	–
Wang Shiwei	–	–	–	–	–
	–	1,044	848	72	1,964
	534	3,648	3,603	165	7,950

* Ji Dongmei, Shi Pengfei and Wang Yousan resigned as a non-executive director and independent non-executive directors of the Company, respectively, with effect from 26 June 2013.

** Cao Zhigang, Yu Shengjun, Luo Zhenbang and Yang Xiaosheng were appointed as an executive director, a non-executive director and independent non-executive directors of the Company, respectively, with effect from 26 June 2013, 9 January 2013, 26 June 2013 and 26 June 2013.

Notes to Financial Statements

31 December 2013

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 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					
Tin Yau Kelvin Wong	200	–	–	–	200
Shi Pengfei	200	–	–	–	200
Wang Yousan	–	–	–	–	–
	400	–	–	–	400
Supervisors					
Zheng Chengjiang*	–	111	–	9	120
Xiao Zhiping	–	469	300	33	802
Zhang Xiaotao**	–	201	212	14	427
Wang Mengqiu	–	–	–	–	–
Luo Jun	–	–	–	–	–
Wang Shiwei	–	–	–	–	–
	–	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)

(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:

	2013	2012
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:

	2013 RMB'000	2012 RMB'000
Salaries, allowances and benefits in kind	**2,505**	4,371
Performance related bonuses	**2,751**	1,444
Pension scheme contributions	**108**	55
	5,364	5,870

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

	2013	2012
HK$1,000,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$3,000,000	**3**	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.

Notes to Financial Statements

31 December 2013

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 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.

	2013 RMB'000	2012 RMB'000
Current		
– Hong Kong	**9,855**	6,331
– Mainland China	**248,560**	83,968
– Elsewhere	**18,860**	14,674
	277,275	104,973
Deferred (note 22)	**(205,361)**	(63,586)
Tax charge for the year	**71,914**	41,387

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:

	2013 RMB'000	2012 RMB'000
Profit before tax	**505,550**	206,856
Income tax charge at the statutory income tax rate of 25%	**126,388**	51,714
Effect of different income tax rates for overseas entities	**(4,953)**	(2,058)
Effect of different income tax rates for domestic entities	**(64,181)**	8,741
Effect on opening deferred tax due to increase in rates	**–**	(2,253)
Tax losses not recognised	**26,273**	34,986
Income not subject to tax	**(470)**	–
Expenses not deductible for tax purposes	**39,305**	16,427
Additional tax deduction for research and development expenditure	**(42,902)**	(33,189)
Profits and losses attributable to joint ventures	**(26,507)**	(10,578)
Profits and losses attributable to associates	**(10,517)**	(19,479)
Others	**29,478**	(2,924)
Tax charge for the year at the effective rate	**71,914**	41,387

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2013 includes a profit of approximately RMB524,811,000 (2012: RMB374,816,000), which has been dealt with in the financial statements of the Company (note 35(b)).

11. DIVIDENDS

	2013 RMB'000	2012 RMB'000
Proposed final dividend of RMB0.08 (2012: RMB0.055) per ordinary share	**215,567**	148,202

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

Notes to Financial Statements

31 December 2013

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 (2012: 2,694,588,000) in issue during the year.

	2013 RMB'000	2012 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**427,646**	153,054

	Number of shares	
	2013	2012
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 2013					
	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 2013	807,308	1,593,933	58,028	182,643	3,039,028	5,680,940
Additions	15,353	45,992	15,926	55,722	5,810,592	5,943,585
Disposals	–	(3,673)	(3,233)	(815)	–	(7,721)
Disposals of subsidiaries (note 36)	–	–	–	–	(1,511)	(1,511)
Transfers	20,499	1,514,326	85	4,462	(1,539,372)	–
Transferred to assets of a disposal group classified as held for sale (note 27)	–	(624,702)	(1,265)	(729)	–	(626,696)
Exchange realignment	1,068	(13,631)	(257)	(32)	(176,467)	(189,319)
At 31 December 2013	844,228	2,512,245	69,284	241,251	7,132,270	10,799,278
Accumulated depreciation and impairment:						
At 1 January 2013	(52,573)	(167,451)	(13,698)	(80,797)	–	(314,519)
Depreciation charge for the year (note 6)	(22,905)	(110,584)	(8,225)	(31,840)	–	(173,554)
Disposals	–	4,073	1,397	467	–	5,937
Transferred to assets of a disposal group classified as held for sale (note 27)	–	31,380	377	220	–	31,977
Exchange realignment	(110)	149	34	100	–	173
At 31 December 2013	(75,588)	(242,433)	(20,115)	(111,850)	–	(449,986)
Net carrying amount:						
At 31 December 2013	768,640	2,269,812	49,169	129,401	7,132,270	10,349,292
At 1 January 2013	754,735	1,426,482	44,330	101,846	3,039,028	5,366,421

Notes to Financial Statements

31 December 2013

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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	–	–	760	54	5,666	6,480
Disposals	(44,637)	(6,957)	(14,616)	(14,955)	–	(81,165)
Disposals of subsidiaries (note 36)	(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 27)	–	(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	–	–	(60)	(22)	–	(82)
Disposals	2,903	579	3,106	4,290	–	10,878
Disposals of subsidiaries (note 36)	29,368	72,377	2,237	11,485	–	115,467
Transferred to assets of a disposal group classified as held for sale (note 27)	–	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)

Company

	Year ended 31 December 2013					
	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 2013	92,919	158,727	9,688	32,276	6,949	300,559
Additions	380	667	596	3,342	11,803	16,788
Disposals	–	(21,668)	(1,577)	(127)	–	(23,372)
Transfers	–	18,540	85	–	(18,625)	–
At 31 December 2013	93,299	156,266	8,792	35,491	127	293,975
Accumulated depreciation:						
At 1 January 2013	(13,429)	(71,399)	(3,326)	(18,310)	–	(106,464)
Depreciation charge for the year	(2,552)	(15,137)	(1,330)	(3,781)	–	(22,800)
Disposals	–	3,966	1,115	107	–	5,188
At 31 December 2013	(15,981)	(82,570)	(3,541)	(21,984)	–	(124,076)
Net carrying amount:						
At 31 December 2013	77,318	73,696	5,251	13,507	127	169,899
At 1 January 2013	79,490	87,328	6,362	13,966	6,949	194,095

Notes to Financial Statements

31 December 2013

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

The carrying amounts of construction in progress of the Group included capitalised interest of approximately RMB137,534,000 (2012: RMB80,677,000) charged for the year 2013 prior to being transferred to buildings, machinery, vehicles and equipment (note 7).

As at 31 December 2013, 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 RMB25,559,000 (31 December 2012: RMB64,973,000). 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 2013.

As at 31 December 2013, certain of the Group's property, plant and equipment, including those were included in the assets of a disposal group classified as held for sale in the consolidated statement of financial position, with a carrying value of approximately RMB4,687,352,000 (31 December 2012: RMB2,622,966,000) were pledged to secure certain of the Group's bank loans (note 31).

14. INVESTMENT PROPERTIES

Group

	2013 RMB'000	2012 RMB'000
Cost:		
At beginning and end of the year	**97,997**	97,997
Accumulated depreciation:		
At beginning of the year	**(15,612)**	(12,716)
Depreciation charge for the year (note 6)	**(2,896)**	(2,896)
At end of the year	**(18,508)**	(15,612)
Net carrying amount:		
At end of the year	**79,489**	82,385
At beginning of the year	**82,385**	85,281

Company

	2013 RMB'000	2012 RMB'000
Cost:		
At beginning and end of the year	**82,041**	82,041
Accumulated depreciation:		
At beginning of the year	**(10,686)**	(8,548)
Depreciation charge for the year	**(2,138)**	(2,138)
At end of the year	**(12,824)**	(10,686)
Net carrying amount:		
At end of the year	**69,217**	71,355
At beginning of the year	**71,355**	73,493

The Group's investment properties consist of one commercial and one industrial property in mainland China. The Directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were valued on 31 December 2013 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers, at RMB190,637,000 (31 December 2012: RMB186,962,000). The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 38(a) to the financial statements.

Notes to Financial Statements

31 December 2013

15. PREPAID LAND LEASE PAYMENTS

Group

	2013 **RMB'000**	2012 RMB'000
Carrying amount at beginning of the year	**108,402**	214,788
Additions	**18,087**	12,694
Disposals	**–**	(12,168)
Disposals of subsidiaries (note 36)	**–**	(103,708)
Amortisation for the year (note 6)	**(2,628)**	(3,204)
Carrying amount at end of the year	**123,861**	108,402

Company

	2013 **RMB'000**	2012 RMB'000
Carrying amount at beginning of the year	**22,433**	22,991
Amortisation for the year	**(558)**	(558)
Carrying amount at end of the year	**21,875**	22,433

As at 31 December 2013, certain of the Group's land use rights with a carrying value of approximately RMB23,042,000 (31 December 2012: RMB13,335,000) were pledged to secure certain of the Group's bank loans (note 31).

16. GOODWILL

Group

	2013 RMB'000	2012 RMB'000
Cost and carrying amount at beginning of the year	**310,848**	326,225
Acquisition of a subsidiary	**–**	11,998
Disposal of subsidiaries (note 36)	**–**	(30,731)
Transferred to assets of a disposal group classified as held for sale (note 27)	**–**	(310)
Exchange realignment	**826**	3,666
Cost and carrying amount at end of the year	**311,674**	310,848

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 10.87% (2012: 10.17%).

Assumptions were used in the value in use calculation of the wind turbine generator manufacturing and sale cash-generating unit for 31 December 2013 and 2012. 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.

Notes to Financial Statements

31 December 2013

17. OTHER INTANGIBLE ASSETS

Group

	Year ended 31 December 2013				
	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 2013	16,726	38,789	295,601	259,478	610,594
Additions	1,446	12,139	–	16,648	30,233
Disposals	–	(1)	–	(26,004)	(26,005)
Transferred to assets of a disposal group classified as held for sale (note 27)	–	(29)	–	–	(29)
Transfer	–	–	160,319	(160,319)	–
Transferred to property, plant and equipment	–	–	–	(12,468)	(12,468)
Exchange realignment	–	46	3,548	–	3,594
At 31 December 2013	18,172	50,944	459,468	77,335	605,919
Accumulated amortisation:					
At 1 January 2013	(6,940)	(15,896)	(159,022)	–	(181,858)
Amortisation for the year (note 6)	(2,192)	(5,354)	(44,740)	–	(52,286)
Transferred to assets of a disposal group classified as held for sale (note 27)	–	10	–	–	10
Exchange realignment	–	(47)	(2,512)	–	(2,559)
At 31 December 2013	(9,132)	(21,287)	(206,274)	–	(236,693)
Net carrying amount:					
At 31 December 2013	9,040	29,657	253,194	77,335	369,226
At 1 January 2013	9,786	22,893	136,579	259,478	428,736

17. OTHER INTANGIBLE ASSETS (continued)

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	–	14	–	–	14
Disposals	–	(2,895)	–	(5,263)	(8,158)
Disposals of subsidiaries (note 36)	–	(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	–	(9)	–	–	(9)
Disposals	–	289	–	–	289
Disposals of subsidiaries (note 36)	–	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

Notes to Financial Statements

31 December 2013

17. OTHER INTANGIBLE ASSETS (continued)

Company

	Year ended 31 December 2013				
	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 2013	16,726	25,449	4,220	91,569	137,964
Additions	1,446	2,549	–	11,089	15,084
Disposals	–	–	–	(26,004)	(26,004)
Transferred to property, plant and equipment	–	–	–	(8,843)	(8,843)
At 31 December 2013	18,172	27,998	4,220	67,811	118,201
Accumulated amortisation:					
At 1 January 2013	(6,940)	(9,279)	(1,476)	–	(17,695)
Amortisation for the year	(2,192)	(2,583)	(492)	–	(5,267)
At 31 December 2013	(9,132)	(11,862)	(1,968)	–	(22,962)
Net carrying amount:					
At 31 December 2013	9,040	16,136	2,252	67,811	95,239
At 1 January 2013	9,786	16,170	2,744	91,569	120,269

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

18. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Unlisted investments, at cost	**6,598,761**	6,181,831

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB8,103,779,000 (31 December 2012: RMB5,486,414,000) and RMB1,818,662,000 (31 December 2012: RMB2,821,767,000), respectively, are unsecured, non-interest-bearing and are repayable on demand or within one year, except for the amount due from Beijing Tianrun New Energy Investment Co., Ltd. of RMB1,111,044,000 (31 December 2012: RMB1,165,620,000), which is unsecured and repayable in one year with an effective interest rates of 2.62% (31 December 2012: 5.58%-6.56%).

Notes to Financial Statements

31 December 2013

18. INVESTMENTS IN SUBSIDIARIES (continued)

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

Company name*	Place and date of incorporation/ place of business**	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	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	RMB1,200,000,000	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	RMB200,000,000	100	–	Provision of construction and technical services
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
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 Technology Co., Ltd. (江蘇金風科技有限公司)	The PRC/Mainland China 13 November 2009	RMB759,610,000	100	–	Manufacture and sale of wind power equipment and accessories

continued/...

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 business**	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. (金風投資控股有限公司)	The PRC/Mainland China 2 August 2010	RMB1,000,000,000	100	–	Investment holding
Hami Goldwind Wind Power Equipment Manufacture Co., Ltd. (哈密金風風電設備有限公司)	The PRC/Mainland China 16 September 2010	RMB10,000,000	100	–	Manufacture and sale of wind power equipment and accessories
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 ("Goldwind International Holdings (HK)")	The PRC/Hong Kong 6 October 2010	HK$20,000,000	100	–	Machinery and technology trader
Gullen Range Wind Farm Pty Ltd	Australia 31 December 2007	AUD73,500,001	–	100	Construction and operation of wind farms
Hami Tianrun New Energy Co., Ltd. (哈密天潤新能源有限公司)	The PRC/Mainland China 12 November 2008	RMB14,000,000	–	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
Goldwind Capital (Australia) Pty Ltd (Formerly: Tianrun Australia Pty Ltd.)	Australia 4 March 2010	AUD19,120,000	–	100	Investment holding and provision of wind farm technical services and maintenance services
Inner Mongolia Jieyuan Wind Energy Electricity Co., Ltd. (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. (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
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	–	75	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

continued/...

Notes to Financial Statements

31 December 2013

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 business**	Nominal value of issued ordinary / registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Zhongning Tianrun Wind Power Co., Ltd. (中寧天潤風電有限公司)	The PRC/Mainland China 11 November 2011	RMB4,000,000	–	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
Hami Yandun Tianrun Wind Power Co., Ltd. (哈密煙墩天潤風電有限公司)	The PRC/Mainland China 13 January 2012	RMB31,000,000	–	100	Construction and operation of wind farms
Guazhou Fengrun Wind Power Co., Ltd. (瓜州縣風潤風電有限公司)	The PRC/Mainland China 23 May 2012	RMB3,000,000	–	100	Construction and operation of wind farms
Xiaxian Tianrun Wind Power Co., Ltd. (夏縣天潤風電有限公司)	The PRC/Mainland China 21 October 2010	RMB8,000,000	–	100	Construction and operation of wind farms
Yixian Tianrun Wind Power Co., Ltd. (義縣天潤風電有限公司)	The PRC/Mainland China 30 May 2011	RMB6,000,000	–	100	Construction and operation of wind farms
Jiangxian Tianrun Wind Power Co., Ltd. (絳縣天潤風電有限公司)	The PRC/Mainland China 19 October 2011	RMB6,250,000	–	90	Construction and operation of wind farms
Guyuan Fengrun Wind Power Co., Ltd. (固原風潤風電有限公司)	The PRC/Mainland China 12 June 2012	RMB4,000,000	–	100	Construction and operation of wind farms
Hami Tianrun Solar Energy Co., Ltd. (哈密天潤太陽能有限公司)	The PRC/Mainland China 3 September 2012	RMB44,000,000	–	100	Construction and operation of solar power generation projects
Buerjin Tianrun New Energy Co., Ltd. (布爾津天潤新能源有限公司)	The PRC/Mainland China 6 December 2012	RMB4,000,000	–	100	Construction and operation of wind farms
Fuyun Tianrun Wind Power Co., Ltd. (富蘊天潤風電有限公司)	The PRC/Mainland China 31 January 2013	RMB4,000,000	–	100	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 these companies incorporated were incorporated with limited liability.

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 2013. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

19. INVESTMENTS IN JOINT VENTURES

Group

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Share of net assets	**496,787**	469,675
Goodwill on acquisition	**9,742**	15,423
	506,529	485,098

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

Particulars of the joint ventures of the Group are as follows:

Company name*	Note	Place and date of incorporation/place of business	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. ("Jinlin Tongli") (吉林同力風力發電有限公司)	(i)	The PRC/ Mainland China 1 June 2006	RMB171,000,000	–	51	Construction and operation of wind farms
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. (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
Qingdao Runlai Wind Power Co., Ltd. (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
Shuozhou Pinglu Tianhui Wind Power Co., Ltd. ("Pinglu Tianhui") (朔州市平魯區天匯風電有限公司)		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		Germany 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.

Notes to Financial Statements

31 December 2013

19. INVESTMENTS IN JOINT VENTURES (continued)

(i) On 26 June 2013, Beijing Tianrun entered into a disposal agreement with two independent persons, Yanjun Li (李延軍) and Shuyan Zhao (趙書彥), to dispose of its 51% equity interest in Jilin Tongli. As the transaction is expected to be completed in the first half of 2014, the Group's investment in Jinlin Tongli was classified as held for sale in the consolidated statement of financial position as at 31 December 2013.

The following tables illustrate the aggregate financial information of the Group's joint ventures that are not individually material:

	2013 RMB'000	2012 RMB'000
Share of the joint ventures' profit for the year	**106,029**	42,311
Share of the joint ventures' total comprehensive income	**106,029**	42,311
Aggregate carrying amount of the Group's investments in the joint ventures	**506,529**	485,098

20. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Share of net assets	**350,624**	364,065

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, 28 and 29 to the financial statements, respectively.

Company

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	**54,000**	54,000

20. INVESTMENTS IN ASSOCIATES (continued)

Particulars of the associates of the Group are as follows:

Company name*	Place and date of incorporation/ place of business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
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. (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. (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
On Off Electric Co., Ltd. (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	RMB90,121,800	–	22	Wind power technology development
Inner Mongolia CSR Electric Co., Ltd. ("Inter Mongolia CSR") (內蒙古南車電機有限公司)	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)	The PRC/Mainland China 8 May 2008	RMB60,000,000	20	–	Manufacture and sale of wind power equipment and accessories
Xinjiang New Energy Institute Co., Ltd. (新疆新能源研究院有限責任公司)	The PRC/Mainland China 27 April 2013	RMB10,000,000	–	24	New energy development, design, research and consultancy services
Xinjiang New Energy Group Saving Technology Co., Ltd. (新疆新能源集團節能科技有限責任公司)	The PRC/Mainland China 29 October 2013	RMB10,000,000	–	49	Energy-saving technology development and consulting services

* 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.

Notes to Financial Statements

31 December 2013

20. INVESTMENTS IN ASSOCIATES (continued)

The following tables illustrate the aggregate financial information of the Group's associates that are not individually material:

	2013 RMB'000	2012 RMB'000
Share of the associates' profit for the year	**42,069**	77,917
Share of the associates' total comprehensive income	**42,069**	77,917
Aggregate carrying amount of the Group's investments in the associates	**350,624**	364,065

21. AVAILABLE-FOR-SALE INVESTMENTS

Group

		As at 31 December	
		2013 RMB'000	2012 RMB'000
Listed equity investment, at fair value:			
– Hong Kong	(i)	**448,354**	188,612
Unlisted equity investments, at cost	(ii)	**416,808**	355,634
		865,162	544,246

(i) During the year, the gross gain in respect of the listed equity investment recognised in other comprehensive income amounted to RMB269,776,000 (2012: loss of RMB4,096,000).

(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 2013 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

2013

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 2013	76,947	5,550	261,660	948	166,306	4,954	516,365
Deferred tax credited to profit or loss (note 9)	19,597	40,776	47,024	3,246	81,509	5,653	197,805
Deferred tax assets at 31 December 2013	96,544	46,326	308,684	4,194	247,815	10,607	714,170

Deferred tax liabilities

	Excess of fair values of identifiable assets and liabilities over carrying values in the acquisition of a subsidiary RMB'000
At 1 January 2013	38,801
Deferred tax credited to profit or loss (note 9)	(7,556)
Exchange differences	313
Deferred tax liabilities at 31 December 2013	31,558

Notes to Financial Statements

31 December 2013

22. DEFERRED TAX (continued)

Group (continued)

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 36)	(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)

Company

2013

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 2013	**58,494**	**193,399**	**633**	**6,206**	**258,732**
Deferred tax credited/(charged) to profit or loss	**12,360**	**26,438**	**1,846**	**(221)**	**40,423**
Deferred tax assets at 31 December 2013	**70,854**	**219,837**	**2,479**	**5,985**	**299,155**

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	–

Notes to Financial Statements

31 December 2013

22. DEFERRED TAX (continued)

The Group has tax losses arising in Mainland China of RMB70,740,000 (2012: RMB70,675,000) that will expire in two to five years for offsetting against future taxable profits. The Group also has tax losses arising in Australia, United States and Hong Kong of RMB12,276,000 (2012: RMB21,226,000), RMB103,097,000 (2012: RMB21,599,000) and RMB40,113,000 (2012: RMB39,632,000), 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	
	2013	2012
	RMB'000	RMB'000
Raw materials	**1,751,923**	2,432,917
Work in progress	**767,616**	464,660
Finished and semi-finished goods	**445,785**	547,860
Consigned processing materials	**14,600**	15,461
Low-value consumables and others	**22,553**	50,728
	3,002,477	3,511,626

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Raw materials	**760,548**	1,344,848
Work in progress	**446,613**	353,665
Finished and semi-finished goods	**174,907**	149,429
Low-value consumables and others	**363**	300
	1,382,431	1,848,242

24. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Trade receivables	**8,161,562**	9,142,495
Bills receivable	**1,164,621**	455,696
Retention money receivables	**1,913,354**	1,258,129
Provision for impairment	**(506,616)**	(436,939)
	10,732,921	10,419,381
Portion classified as non-current assets	**(928,834)**	(304,747)
Current portion	**9,804,087**	10,114,634

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Trade receivables	**7,234,271**	7,484,599
Bills receivable	**662,361**	306,850
Retention money receivables	**1,518,110**	1,051,093
Provision for impairment	**(370,630)**	(340,109)
	9,044,112	8,502,433
Portion classified as non-current assets	**(533,591)**	(201,137)
Current portion	**8,510,521**	8,301,296

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.

Notes to Financial Statements

31 December 2013

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	
	2013	2012
	RMB'000	RMB'000
Within 3 months	**4,531,027**	3,922,219
3 to 6 months	**1,248,321**	1,539,220
6 months to 1 year	**1,053,429**	1,031,709
1 to 2 years	**1,987,176**	2,398,382
2 to 3 years	**1,081,378**	1,145,655
Over 3 years	**831,590**	382,196
	10,732,921	10,419,381

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Within 3 months	**5,389,211**	4,398,925
3 to 6 months	**501,960**	478,373
6 months to 1 year	**475,883**	441,092
1 to 2 years	**1,012,819**	2,094,442
2 to 3 years	**973,838**	749,049
Over 3 years	**690,401**	340,552
	9,044,112	8,502,433

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	2013 RMB'000	2012 RMB'000
At beginning of the year	**436,939**	391,553
Impairment losses recognised (note 6)	**145,614**	165,093
Impairment losses reversed (note 6)	**(75,702)**	(116,552)
Amounts written off as uncollectible	**(154)**	(382)
Exchange realignment	**(81)**	(2,773)
At end of the year	**506,616**	436,939

Company

	2013 RMB'000	2012 RMB'000
At beginning of the year	**340,109**	316,483
Impairment losses recognised	**103,229**	127,490
Impairment losses reversed	**(72,708)**	(103,864)
At end of the year	**370,630**	340,109

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB159,505,000 (31 December 2012: RMB185,703,000) with a carrying amount before provision of RMB851,440,000 (31 December 2012: RMB3,095,787,000).

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.

Notes to Financial Statements

31 December 2013

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	
	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	**4,891,444**	2,880,895
Less than 3 months past due	**1,271,030**	1,256,505
3 to 6 months past due	**1,082,892**	944,363
	7,245,366	5,081,763

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	**6,244,589**	3,467,256
Less than 3 months past due	**449,932**	849,455
3 to 6 months past due	**221,676**	562,244
	6,916,197	4,878,955

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, joint ventures and associates included in the trade and bills receivables are as follows:

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
A shareholder holding a 13.95% interest in the Company	**28,782**	10,400
Joint ventures	**113,454**	494,591
Associates	**132,982**	27,407
	275,218	532,398

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:

	2013	2012
Effective interest rate	**6.37%**	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 2013, the Group's trade receivables, including those were included in the assets of a disposal group classified as held for sale in the consolidated statement of financial position, amounting to RMB280,227,000 (31 December 2012: RMB193,348,000) were pledged to secure certain of the Group's bank loans (note 31).

As at 31 December 2013, the Group's bills receivable amounting to RMB99,132,000 (31 December 2012: RMB74,983,000) were pledged to secure certain of the Group's bank acceptance bills.

Notes to Financial Statements

31 December 2013

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Advances to suppliers	**605,140**	789,929
Prepayments	**119,077**	256,615
Deposits and other receivables	**1,602,962**	964,560
Provision for impairment	**(19,650)**	(3,643)
	2,307,529	2,007,461
Portion classified as non-current assets	**(211,739)**	(217,011)
Current portion	**2,095,790**	1,790,450

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Advances to suppliers	**2,313,487**	1,603,384
Prepayments	**29,027**	99,294
Deposits and other receivables	**2,845,744**	2,661,126
Provision for impairment	**(19,443)**	(3,435)
	5,168,815	4,360,369
Portion classified as non-current assets	**(2,171)**	(69,744)
Current portion	**5,166,644**	4,290,625

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

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

Group

	2013 RMB'000	2012 RMB'000
At beginning of the year	**3,643**	4,594
Impairment losses recognised (note 6)	**16,055**	–
Impairment losses reversed (note 6)	**(4)**	–
Amounts written off as uncollectible	**(46)**	(3)
Exchange realignment	**2**	(948)
At end of the year	**19,650**	3,643

Company

	2013 RMB'000	2012 RMB'000
At beginning and end of the year	**3,435**	3,435
Impairment losses recognised	**16,008**	–
At end of the year	**19,443**	3,435

The amounts due from the Group's joint ventures and associates included in the prepayments, deposits and other receivables are as follows:

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Joint ventures	**6,512**	10,837
Associates	**61,649**	108,092
	68,161	118,929

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

Notes to Financial Statements

31 December 2013

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Cash and bank balances	**3,727,880**	5,180,562
Time deposits	**993,447**	1,781,198
	4,721,327	6,961,760
Less: Pledged time deposits for		
– Bank loans (note 31)	**(14,144)**	(13,516)
– Uncompleted transaction	**(87,525)**	(86,946)
– Letters of credit	**(31,463)**	(786)
– Guarantee issued	**(1,205)**	(42,584)
– Provision of risk (i)	**(266,240)**	–
	(400,577)	(143,832)
Cash and cash equivalents in the consolidated statement of financial position	**4,320,750**	6,817,928
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(44,449)**	(213,600)
Cash and cash equivalents in the consolidated statement of cash flows	**4,276,301**	6,604,328
Pledged deposits	**400,577**	143,832
Portion classified as non-current assets	**(266,240)**	–
Current portion	**134,337**	143,832
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**3,777,965**	5,669,594
– Other currencies	**943,362**	1,292,166
	4,721,327	6,961,760

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

Company

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Cash and bank balances	**1,980,036**	2,055,465
Time deposits	**710,919**	1,184,883
	2,690,955	3,240,348
Less: Pledged time deposits for		
– Guarantee issued	**–**	(347)
– Provision of risk (i)	**(163,463)**	–
	(163,463)	(347)
Cash and cash equivalents in the statement of financial position	**2,527,492**	3,240,001
Pledged deposits	**163,463**	347
Portion classified as non-current assets	**(163,463)**	–
Current portion	**–**	347
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**2,687,241**	3,227,776
– Other currencies	**3,714**	12,572
	2,690,955	3,240,348

(i) Details of pledged time deposits for provision of risk are included in note 37.

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.

Notes to Financial Statements

31 December 2013

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

On 26 June 2013, one of the subsidiaries of the Company, Beijing Tianrun, entered into a disposal agreement with an independent third party, Chifeng Jinneng New Energy Investment Co., Ltd. (赤峰市金能新能源有限責任公司), to dispose of its 90% equity interest in Chifeng Tianrun Xinneng New Energy Investment Co., Ltd. ("Chifeng Xinneng") (赤峰市天潤鑫能新能源有限公司). In addition, on 26 June 2013, Beijing Tianrun entered into a disposal agreement with two independent persons, Yanjun Li (李延軍) and Shuyan Zhao (趙書彥), to dispose of its 51% equity interest in Jilin Tongli. As the transaction is expected to be completed in the first half of 2014, the assets and liabilities of Chifeng Xinneng and the Group's investment in Jinlin Tongli were classified as held for sale in the consolidated statement of financial position as at 31 December 2013.

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 completed on 10 January 2013. Further details of the disposal are included in note 36.

The investment in Jinlin Tongli, the assets and liabilities of Chifeng Xinneng and Shady Oaks Holding classified as held for sale as at 31 December 2013 and 2012, respectively, are as follows:

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Assets		
Property, plant and equipment (note 13)	**594,719**	1,125,423
Goodwill (note 16)	**–**	310
Other intangible assets (note 17)	**19**	–
Investment in a joint venture	**45,871**	–
Derivative financial instrument	**–**	32,355
Inventories	**52**	–
Trade receivables	**62,572**	7,187
Prepayments, deposits and other receivables	**60,372**	707
Cash and cash equivalents	**30,124**	28,892
Assets of a disposal group classified as held for sale	**793,729**	1,194,874
Liabilities		
Trade payables	**–**	(7,200)
Other payables and accruals	**(4,166)**	(26,153)
Interest-bearing bank loans	**(563,240)**	(920,984)
Government grants (note 33)	**–**	(342,485)
Liabilities directly associated with the assets classified as held for sale	**(567,406)**	(1,296,822)
Net assets/(liabilities) directly associated with the disposal group	**226,323**	(101,948)

28. TRADE AND BILLS PAYABLES

Group

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Trade payables	**4,975,287**	4,901,196
Bills payable	**4,488,771**	3,848,456
	9,464,058	8,749,652
Portion classified as non-current liabilities	**(397,206)**	(244,656)
Current portion	**9,066,852**	8,504,996

Company

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Trade payables	**3,010,883**	3,784,996
Bills payable	**4,217,599**	3,653,970
	7,228,482	7,438,966
Portion classified as non-current liabilities	**(372,587)**	(138,743)
Current portion	**6,855,895**	7,300,223

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.

Notes to Financial Statements

31 December 2013

28. 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	
	2013	2012
	RMB'000	RMB'000
Within 3 months	**3,551,580**	3,970,391
3 to 6 months	**3,294,350**	3,125,915
6 months to 1 year	**1,257,958**	763,524
1 to 2 years	**770,564**	541,910
2 to 3 years	**377,820**	335,257
Over 3 years	**211,786**	12,655
	9,464,058	8,749,652

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Within 3 months	**3,986,635**	4,983,838
3 to 6 months	**2,327,162**	1,881,702
6 months to 1 year	**446,294**	191,315
1 to 2 years	**275,614**	220,768
2 to 3 years	**93,863**	155,237
Over 3 years	**98,914**	6,106
	7,228,482	7,438,966

28. 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	
	2013 **RMB'000**	2012 RMB'000
Associates	**1,425,103**	298,751

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:

	2013	2012
Effective interest rate	**6.54%**	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.

29. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Advances from customers	**810,548**	714,593
Accrued salaries, wages and benefits	**156,828**	111,774
Other taxes payable	**154,502**	157,741
Others	**444,220**	362,244
	1,566,098	1,346,352
Portion classified as non-current liabilities	**(10,292)**	–
Current portion	**1,555,806**	1,346,352

Notes to Financial Statements

31 December 2013

29. OTHER PAYABLES AND ACCRUALS (continued)

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Advances from customers	**420,343**	435,574
Accrued salaries, wages and benefits	**28,443**	21,674
Other taxes payable	**107,936**	124,164
Others (i)	**1,120,324**	841,677
	1,677,046	1,423,089

(i) The amounts due to subsidiaries included in others are RMB900,578,000 as at 31 December 2013 (31 December 2012: RMB619,595,000).

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

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
13.95%-owned shareholder of the Company	**–**	231
Joint ventures	**718**	8,123
Associates	**836**	302
	1,554	8,656

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

30. DERIVATIVE FINANCIAL INSTRUMENTS

Group

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Assets		
Forward currency contract (i)	**18,444**	–
Forward contract (ii)	**98,396**	94,830
	116,840	94,830
Portion classified as non-current assets	**–**	(94,830)
Current portion	**116,840**	–
Liabilities		
Non-current liabilities:		
Interest rate swap (i)	**363**	–

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

(i) The foreign currency forward contract is designated as a hedging instrument in respect of future bank loans of a wind farm settled in Australian dollars to which the Group has firm commitments. The foreign currency forward contract balances vary with the levels of the expected foreign bank loans and changes in foreign exchange forward rates.

The interest rate swap contract is designated as a hedging instrument in respect of future interest on bank loans at BBSY interest rates to which the Group has firm commitments. The interest rate swap contract balances vary with the levels of expected interest for the bank loans and changes in the BBSY interest rates.

The terms of the foreign currency forward contract and the interest rate swap contract match the terms of the commitments. The cash flow hedge relating to the expected future bank loans and expected future interest for the bank loans were assessed to be highly effective and a net gain of RMB18,444,000 and a net loss of RMB363,000, respectively, were included in the hedging reserve as follows:

	2013 **RMB'000**
Total fair value gains included in the hedging reserve	**34,552**
Reclassified from other comprehensive income and included in construction in progress	**(16,471)**
Net gains on cash flow hedges	**18,081**

Notes to Financial Statements

31 December 2013

30. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(ii) In 2012, Beijing Tianrun, a subsidiary of the Company, entered into an agreement with Ping An Trust and Investment Company Limited 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 the area surrounding Pinglu Tianhui. The fair value of this variable price, a non-hedging derivative, was RMB93,345,000 as at the disposal date. The subsequent change in the fair value of this non-hedging derivative, which amounted to RMB3,566,000 (2012: RMB1,485,000) was credited to profit or loss for the year.

31. INTEREST-BEARING BANK LOANS AND OTHER BORROWING

Group

	As at 31 December 2013			As at 31 December 2012		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	**2.94-4.32**	**2014**	**272,915**	4.20-6.87	2013	260,000
– Secured	**2.11**	**2014**	**88,405**	5.60-6.56	2013	24,940
Current portion of long term bank loans:						
– Unsecured	**six-month LIBOR+3.5**	**2014**	**3,658**	six-month LIBOR+3.5	2013	3,771
– Secured	**3.25-8.33**	**2014**	**205,727**	5.76-7.05	2013	100,500
			570,705			389,211
Non-current						
Long term bank loans:						
– Unsecured	**six-month LIBOR+3.5**	**2015-2021**	**25,607**	six-month LIBOR+3.5, 6.40	2014-2021	31,170
– Secured	**2.85-8.33**	**2015-2026**	**4,379,544**	3.25-8.33	2014-2026	2,705,275
Corporate bond (i):						
– Unsecured	**6.63**	**2015**	**2,988,940**	6.63	2015	2,979,461
			7,394,091			5,715,906
			7,964,796			6,105,117
Interest-bearing bank loans and other borrowing denominated in:						
– RMB			**6,445,488**			6,045,428
– Euro			**53,755**			25,747
– United States dollar			**387,263**			33,942
– Australian dollar			**1,078,290**			–
			7,964,796			6,105,117

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

Company

	As at 31 December 2013			As at 31 December 2012		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured			**–**	4.20	2013	50,000
– Secured	**2.11**	**2014**	**88,405**			–
			88,405			50,000
Non-current						
Long term bank loans:						
– Unsecured			**–**	6.40	2017	1,000
Corporate bond (i):						
– Unsecured	**6.63**	**2015**	**2,988,940**	6.63	2015	2,979,461
			2,988,940			2,980,461
			3,077,345			3,030,461
Interest-bearing bank loans and other borrowing denominated in:						
– RMB			**2,988,940**			3,030,461
– United States dollar			**88,405**			–
			3,077,345			3,030,461

(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.

Notes to Financial Statements

31 December 2013

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

The maturity profile of the interest-bearing bank loans and other borrowing as at 31 December 2013 and 2012 is as follows:

Group

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**570,705**	389,211
In the second year	**344,497**	177,221
In the third to fifth years, inclusive	**1,790,121**	825,614
Above five years	**2,270,533**	1,733,610
	4,975,856	3,125,656
Corporate bond repayable		
In the second year	**2,988,940**	–
In the third to fifth years, inclusive	**–**	2,979,461
	7,964,796	6,105,117

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**88,405**	50,000
In the second year	**–**	–
In the third to fifth years, inclusive	**–**	1,000
	88,405	51,000
Corporate bond repayable		
In the second year	**2,988,940**	–
In the third to fifth years, inclusive	**–**	2,979,461
	3,077,345	3,030,461

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

The Group's bank loans, including those were included in the liabilities of a disposal group classified as held for sale in the consolidated statement of financial position, of approximately RMB5,504,106,000 (31 December 2012: RMB3,775,854,000) at 31 December 2013, were secured or guaranteed by:

(a) Certain of the Group's bank loans amounting to approximately RMB3,456,549,000 (31 December 2012: RMB2,200,027,000) as at 31 December 2013 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 rights and their future income thereon and bank deposits for provision of risk. As at 31 December 2013, the aggregate carrying values of the property, plant and equipment, prepaid land lease payments and the receivables under the electricity charge rights and bank deposits for provision of risk amounted to RMB4,069,638,000 (31 December 2012: RMB2,035,969,000) and RMB23,042,000 (31 December 2012: RMB13,335,000) and RMB217,655,000 (31 December 2012: RMB153,723,000) and RMB102,777,000 (31 December 2012: RMB100,219,000), respectively.

(b) Certain of the bank loans of one of the Company's subsidiaries, Vensys Elektrotechnik GmbH, amounting to EUR705,000 (equivalent to approximately RMB5,936,000) (31 December 2012: EUR846,000, equivalent to approximately RMB7,033,000) as at 31 December 2013 were secured by mortgages over certain of its property, plant and equipment. As at 31 December 2013, the carrying values of such secured property, plant and equipment amounted to RMB11,222,000 (31 December 2012: RMB11,644,000).

(c) Certain of the bank loans of one of the Company's subsidiaries, Windpark Bestwig-Berlar GmbH & Co KG, amounting to EUR2,000,000 (equivalent to approximately RMB16,838,000) (31 December 2012: EUR2,250,000, equivalent to approximately RMB18,715,000) as at 31 December 2013 were secured by the pledge of certain of the Group's bank deposits amounting to approximately RMB11,618,000 (31 December 2012: RMB13,516,000) as at 31 December 2013.

(d) Certain of the bank loans of one of the Company's subsidiaries, Vensys Windpark Tholey GmbH &Co. KG, amounting to approximately EUR3,000,000 (equivalent to approximately RMB25,257,000) as at 31 December 2013 were secured by mortgages over certain of its property, plant and equipment and by the pledge of certain of the Group's bank deposits amounting to approximately RMB11,981,000 and RMB2,526,000, respectively, as at 31 December 2013.

(e) Certain of the bank loans of one of the Company's subsidiaries, Gullen Range Wind Farm Pty Ltd, amounting to AUD149,376,000 (equivalent to approximately RMB811,099,000) as at 31 December 2013 were secured by the pledge of the Company's equity interest in Gullen Range Wind Farm Pty Ltd.

(f) Certain of the bank loans of one of the Company's subsidiaries, Goldwind International Holdings (HK), amounting to approximately AUD49,100,000 (equivalent to RMB267,190,000) as at 31 December 2013 were guaranteed by the Company in the form of a standby letter of credit.

(g) Certain of the bank loans of one of the Company's subsidiaries, UEP Penonome S.A., amounting to US$44,218,000 (equivalent to approximately RMB269,592,000) as at 31 December 2013 were secured by pledge of the Goldwind International Holdings (HK)'s equity interest in UEP Penonome S.A. and guaranteed by Goldwind International Holdings (HK) in the form of a letter of credit. UEP Penonome S.A. is a subsidiary of Goldwind International Holdings (HK).

Notes to Financial Statements

31 December 2013

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

(h) Certain of the Group's bank loans amounting to approximately RMB88,405,000 as at 31 December 2013 were secured by the pledge of certain of the internal trade receivables which had been eliminated in the consolidated statement of financial position amounting to RMB117,772,000.

(i) Certain of the Group's bank loans amounting to approximately RMB24,940,000 as at 31 December 2012, which were secured by the pledge of the accounts receivable amounted to RMB4,940,000. These bank loans have been fully repaid in 2013.

(j) Certain of the bank loans of one of the Company's subsidiaries, Chifeng Xinneng, amounting to RMB563,240,000 (31 December 2012: RMB580,000,000) as at 31 December 2013 were secured by mortgages over certain property, plant and equipment and electricity charge rights and their future income thereon. As at 31 December 2013, the aggregate carrying values of the property, plant and equipment, and the receivables under the electricity charge rights amounted to RMB594,511,000 (31 December 2012: RMB575,353,000) and RMB62,572,000 (31 December 2012: RMB34,685,000), respectively. Chifeng Xinneng was in progress to be disposed of to an independent third party as at 31 December 2013. The assets and liabilities of Chifeng Xinneng, including its bank loans, were included in the disposal group in the consolidated statement of financial position as at 31 December 2013.

(k) Certain of the bank loans of one of the Company's subsidiaries, TianRun Shady Oaks, LLC ("TianRun Shady Oaks"), amounting to US$150,000,000, equivalent to approximately RMB920,984,000 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. Shady Oaks holding was disposed of by the Group in 2013.

32. 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

	2013 **RMB'000**	2012 RMB'000
At beginning of the year	**1,355,146**	1,269,683
Additional provision (note 6)	**517,859**	461,863
Reversal of unutilised amounts (note 6)	**(46,812)**	(88,343)
Amounts utilised	**(227,418)**	(289,445)
Exchange realignment	**(845)**	1,388
At end of the year	**1,597,930**	1,355,146
Portion classified as current liabilities	**(627,041)**	(671,205)
Non-current portion	**970,889**	683,941

Company

	2013 **RMB'000**	2012 RMB'000
At beginning of the year	**1,054,596**	1,048,789
Additional provision	**430,782**	296,953
Reversal of unutilised amounts	**(36,752)**	(74,252)
Amounts utilised	**(154,044)**	(216,894)
At end of the year	**1,294,582**	1,054,596
Portion classified as current liabilities	**(525,077)**	(504,132)
Non-current portion	**769,505**	550,464

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

Notes to Financial Statements

31 December 2013

33. GOVERNMENT GRANTS

Group

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Government grants	**234,516**	161,166

Company

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Government grants	**123,032**	118,017

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 years are as follows:

Group

	2013 **RMB'000**	2012 RMB'000
At beginning of the year	**161,166**	152,501
Additions	**80,949**	441,008
Disposals of subsidiaries (note 36)	**–**	(68,350)
Recognised as income during the year	**(6,057)**	(21,508)
Exchange realignment	**(1,542)**	–
At end of the year	**234,516**	503,651
Government grants included in a disposal group (note 27)	**–**	(342,485)
	234,516	161,166

33. GOVERNMENT GRANTS (continued)

Company

	2013 RMB'000	2012 RMB'000
At beginning of the year	**118,017**	49,422
Additions	**6,270**	71,850
Recognised as income during the year	**(1,255)**	(3,255)
At end of the year	**123,032**	118,017

34. ISSUED SHARE CAPITAL

	As at 31 December			
	2013		2012	
	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.

	2013		2012	
	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

Notes to Financial Statements

31 December 2013

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity for the current and prior years on page 84 and 85 of these financial statements.

(b) Company

	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Proposed dividend RMB'000	Total RMB'000
At 1 January 2012	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	–	11,396	–	–	–	–	11,396
Special reserve utilised	–	(11,396)	–	–	–	–	(11,396)
At 31 December 2012	*7,969,352	–	*533,928	* 434,418	–	148,202	9,085,900
Profit for the year (note 10)	–	–	–	524,811	–	–	524,811
Other comprehensive income for the year:							
Exchange fluctuation dividend	–	–	–	–	190	–	190
Total comprehensive income	–	–	–	524,811	190	–	525,001
Final 2012 dividend declared	–	–	–	–	–	(148,202)	(148,202)
Profit appropriation to reserves	–	–	53,295	(53,295)	–	–	–
Proposed final 2013 dividend	–	–	–	(215,567)	–	215,567	–
Transfer to special reserve	–	8,924	–	–	–	–	8,924
Special reserve utilised	–	(8,924)	–	–	–	–	(8,924)
At 31 December 2013	*7,969,352	–	*587,223	*690,367	*190	215,567	9,462,699

* As at 31 December 2013, these reserve amounts comprise the reserves of RMB9,247,132,000 (31 December 2012: RMB8,937,698,000) in the statement of financial position.

36. DISPOSALS OF SUBSIDIARIES

(i) On 10 January 2013, the Group disposed of its 100% shareholding in Shady Oaks Holding to an independent third party for a consideration in the form of cash of RMB18,838,000.

(ii) On 31 October 2013, the Group disposed of its 100% shareholding in Shangdu Tianhui Solar Energy Co., Ltd. (商都縣天匯太陽能有限公司) to China Three Gorges New Energy Co., Ltd., a 10.72%-owned shareholder of the Company for a consideration in the form of cash of RMB2,000,000.

(iii) 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.

(iv) 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.

(v) On 1 July 2012, the Group disposed of its 100% shareholding in Tellhow Wind Power Blade Jiangsu Co., Ltd. ("Tellhow Jiangsu") (天和風電葉片江蘇有限公司) to an independent third party for a consideration in the form of cash of RMB191,266,000.

(vi) On 31 August 2012, the Group disposed of its 80% shareholding in Inner Mongolia Goldwind Science & Technology Co., Ltd. ("Inner Mongolia Goldwind") (內蒙古金風科技有限公司) to an independent third party for a consideration in the form of cash of RMB149,576,000. Inner Mongolia Goldwind was renamed as Inter Mongolia CSR subsequently.

(vii) On 31 October 2012, the Group disposed of its 80% shareholding in Xi'an Goldwind Science & Technology Co., Ltd. ("Xi'an Goldwind") (西安金風科技有限公司) to an independent third party for a consideration in the form of cash of RMB64,800,000. Xi'an Goldwind was renamed as Xi'an Yongdian subsequently.

Xi'an Goldwind, Inner Mongolia Goldwind and Tellhow Jiangsu were engaged in the manufacture and sale of wind power equipment and accessories; other subsidiaries disposed of during the years ended 31 December 2013 and 2012 were engaged in wind farm operation.

Notes to Financial Statements

31 December 2013

36. DISPOSALS OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the years ended 31 December 2013 and 2012 were as follows:

	Notes	**2013 RMB'000**	2012 RMB'000
Property, plant and equipment	13	**1,511**	621,893
Prepaid land lease payments	15	**–**	103,708
Goodwill	16	**–**	8,891
Other intangible assets	17	**–**	4,137
Deferred tax assets	22	**–**	5,929
Inventories		**–**	515,484
Trade and bills receivables		**–**	282,075
Prepayments, deposits and other receivables		**278**	65,099
Cash and cash equivalents		**211**	54,138
Assets of a disposal group classified as held for sale	(i)	**1,226,391**	603,823
Trade and bills payables		**–**	(728,477)
Other payables and accruals		**–**	(142,661)
Interest-bearing bank loans		**–**	(277,727)
Tax payable		**–**	(4,401)
Liabilities directly associated with the assets classified as held for sale	(i)	**(1,325,575)**	(544,684)
Government grants	33	**–**	(68,350)
		(97,184)	498,877
Goodwill	16	**–**	21,840
		(97,184)	520,717
Fair value of net assets not disposed of which remained as investment in a joint venture		**–**	(136,484)
Fair value of net assets not disposed of and derecognised and which remained as investment in an associate		**–**	(53,420)
Gain on disposals of subsidiaries	5	**118,022**	244,080
Total consideration		**20,838**	574,893
Satisfied by cash		**20,838**	574,893

36. DISPOSALS OF SUBSIDIARIES (continued)

(i) The assets and liabilities of the disposal group are as follows:

	2013 RMB'000	2012 RMB'000
Assets of a disposal group classified as held for sale:		
Property, plant and equipment	**1,155,363**	458,549
Derivative financial instrument	**33,090**	–
Trade receivables	**7,350**	7,869
Goodwill	**317**	–
Prepayments, deposits and other receivables	**723**	75,688
Cash and cash equivalents	**29,548**	61,717
	1,226,391	603,823
Liabilities directly associated with the assets classified as held for sale:		
Trade and bills payables	**7,364**	93,446
Other payables and accruals	**176,758**	10,738
Interest-bearing bank loans	**791,192**	440,500
Government grants	**350,261**	–
	1,325,575	544,684

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

	2013 RMB'000	2012 RMB'000
Cash consideration	**20,838**	574,893
Cash consideration received in prior year	**–**	(158,080)
Cash consideration receivable at end of the year	**–**	(14)
Cash and cash equivalents received for prior year transactions	**–**	84,000
Cash and cash equivalents disposed of	**(211)**	(54,138)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**20,627**	446,661

Notes to Financial Statements

31 December 2013

37. CONTINGENT LIABILITIES

At 31 December 2013, contingent liabilities not provided for in the financial statements were as follows:

Group

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Letters of credit issued	**412,000**	205,762
Letters of guarantee issued	**5,224,620**	5,950,182
Guarantees given to a bank in connection with a bank loan granted to:		
A joint venture	**212,000**	235,000
A third party	**384,045**	–
Compensation arrangement in connection with the bank loans of the Group's customers (i)	**1,305,440**	318,565
	7,538,105	6,709,509

Company

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Letters of credit issued	**179,929**	143,635
Letters of guarantee issued	**4,563,270**	5,905,147
Guarantees given to banks in connection with bank loans granted to:		
Subsidiaries	**295,883**	33,645
Compensation arrangement in connection with the bank loans of the Group's customers (i)	**1,305,440**	318,565
	6,344,522	6,400,992

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.

(i): Pursuant to the agreement entered into between the Company with a bank ("Bank"), a risk compensation arrangement in connection with the loans of the Group's overseas customers, i.e. the wind farm project companies, was made as follows: (1) the Company deposited with the Bank's provisions in cash as a risk compensation fund at 10% of loan borrowings provided by the Bank to the wind farm project companies. If the wind farm project companies fail to make due payments to the Bank, the Bank is entitled to deduct the amounts from the provisions made by the Company at the designated account. If the wind farm project companies subsequently repaid the amounts due, the Bank will transfers the amounts to the Company's risk compensation fund account; (2) If the wind farm project companies fail to make due payments to the Bank in two consecutive interest periods, the Company shall repay all the outstanding borrowings to the Bank on behalf of the wind farm project companies, then the Bank will transfer its receivables due from the wind farm project companies to the Company.

Up to 31 December 2013, the above risk compensation arrangements covered for bank loans of three overseas wind farm project companies aggregating to RMB1,305,440,000, which included a bank loan of GSG6, LLC of RMB743,822,000. GSG6, LLC is a wholly-owned subsidiary of Shady Oaks Holdings, which has been disposed of by the Group on 10 January 2013.

The bank loans of these overseas wind farm project companies were secured by mortgages over their property, plant and equipment and by the pledge of the electricity charge rights, and/or its shareholder's equity interests in them.

38. 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 2013 and 2012, 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	
	2013 **RMB'000**	2012 RMB'000
Within one year	**5,451**	2,255
In the second year	**975**	908
	6,426	3,163

Company

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Within one year	**4,352**	–
In the second year	**975**	–
	5,327	–

(b) As lessee

At 31 December 2013 and 2012, 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	
	2013 **RMB'000**	2012 RMB'000
Within one year	**1,396**	5,643
In the second to fifth years, inclusive	**1,434**	2,546
Beyond five years	**4,100**	4,291
	6,930	12,480

Notes to Financial Statements

31 December 2013

39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38(b) above, the Group and the Company had the following capital commitments as at 31 December 2013 and 2012:

Group

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment and land use rights	**866,453**	4,241,332
Authorised, but not contracted for:		
Property, plant and equipment and land use rights	**299,184**	2,063,129
Capital contribution payable to joint ventures	**45,613**	1,932
	1,211,250	6,306,393

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**–**	661
Authorised, but not contracted for:		
Equity investments	**–**	1,332,842
	–	1,333,503

In addition, the Group's share of a joint venture's own capital commitments which are not included in the above is as follows:

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**–**	24,554

40. RELATED PARTY TRANSACTIONS

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

	2013 RMB'000	2012 RMB'000
Continuing transactions		
A shareholder holding a 13.95% interest in the Company:		
Sales of wind turbine generators and spare parts	**51,218**	14,867
Associates:		
Sales of wind turbine generators and spare parts	**182,703**	69,709
Purchases of spare parts	**2,185,130**	399,761
Purchases of processing services	**29,572**	11,905
Provision of technical services	**–**	1
Joint ventures:		
Sales of wind turbine generators and spare parts	**41,071**	180,844
Provision of technical services	**4,918**	10,572

Non-continuing transaction:

The bank loan of one of the Group's joint ventures, Damao Qi Tianrun, amounting to RMB212,000,000 (31 December 2012: RMB235,000,000) as at 31 December 2013 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.

Notes to Financial Statements

31 December 2013

40. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amount of total transactions with related parties for the year is included in note 40 (a) to the financial statements. The total transactions with related parties in 2014 and 2015, which have been contracted as at 31 December 2013, are as follows:

	2014 RMB'000	2015 RMB'000
Continuing transactions		
Associates:		
Purchases of spare parts	**3,438,268**	4,409,324
Joint ventures:		
Sales of spare parts	**538**	–
Provision of technical services	**1,560**	–

(c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 24, 25, 28 and 29 to these financial statements.

(d) Compensation of key management personnel of the Group

	2013 RMB'000	2012 RMB'000
Short-term employee benefits	**19,703**	17,371
Pension scheme contributions	**405**	322
	20,108	17,693

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.

41. 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	
	2013	2012
	RMB'000	RMB'000
Financial assets		
Financial assets at fair value through profit or loss:		
Designated as such upon initial recognition:		
Derivative financial instruments	**98,396**	94,830
Loans and receivables:		
Trade and bills receivables	**10,732,921**	10,419,381
Financial assets included in prepayments, deposits and other receivables	**663,454**	507,944
Pledged deposits	**400,577**	143,832
Cash and cash equivalents	**4,320,749**	6,817,928
	16,117,701	17,889,085
Available-for-sale financial assets:		
Available-for-sale investments	**865,162**	544,246
Derivatives designated as hedging instruments:		
Derivative financial instruments	**18,444**	–
	17,099,703	18,528,161
Financial liabilities		
Derivatives designated as hedging instruments:		
Derivative financial instruments	**363**	–
Financial liabilities at amortised cost:		
Trade and bills payables	**9,464,058**	8,749,652
Financial liabilities included in other payables and accruals	**444,219**	362,244
Interest-bearing bank loans and other borrowing	**7,964,796**	6,105,117
	17,873,073	15,217,013
	17,873,436	15,217,013

Notes to Financial Statements

31 December 2013

41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000
Financial assets		
Loans and receivables:		
Trade and bills receivables	**9,044,112**	8,502,433
Financial assets included in prepayments, deposits and other receivables	**2,826,302**	2,657,691
Pledged deposits	**163,463**	347
Cash and cash equivalents	**2,527,492**	3,240,001
	14,561,369	14,400,472
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and bills payables	**7,228,482**	7,438,966
Financial liabilities included in other payables and accruals	**1,120,323**	841,677
Interest-bearing bank loans and other borrowing	**3,077,345**	3,030,461
	11,426,150	11,311,104

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts As at 31 December		Fair values As at 31 December	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Financial assets				
Pledged deposits	**266,240**	–	**266,240**	–
Available-for-sale investments	**865,162**	544,246	**865,162**	544,246
Derivative financial instruments	**116,840**	94,830	**116,840**	94,830
Trade receivables	**928,834**	304,747	**930,044**	304,747
Other receivables	**127,115**	–	**127,115**	–
	2,304,191	943,823	**2,305,401**	943,823
Financial liabilities				
Derivative financial instruments	**363**	–	**363**	–
Interest-bearing bank loans and other borrowing	**7,394,091**	5,715,906	**7,423,870**	5,724,045
Trade payables	**397,206**	244,656	**400,815**	244,656
Other payables	**10,292**	–	**10,292**	–
	7,801,952	5,960,562	**7,835,340**	5,968,701

Company

	Carrying amounts As at 31 December		Fair values As at 31 December	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Financial assets				
Pledged deposits	**163,463**	–	**163,463**	–
Trade receivables	**533,591**	201,137	**534,529**	201,137
	697,054	201,137	**697,992**	201,137
Financial liabilities				
Interest-bearing bank loans and other borrowing	**2,988,940**	2,980,461	**2,981,162**	2,979,461
Trade payables	**372,587**	138,743	**376,083**	138,743
	3,361,527	3,119,204	**3,357,245**	3,118,204

Notes to Financial Statements

31 December 2013

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank loans and other borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 the non-current portion of pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and interest-bearing bank loans and other borrowing have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowing as at 31 December 2013 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.

The Group enters into derivative financial instruments with a financial institution and a third party. Derivative financial instruments, including a foreign currency contract, an interest rate swap and a forward contract. The foreign currency contract and the interest rate swap are measured using valuation techniques similar to forward pricing and swap models, using present value calculations, the models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The forward contract is measured using value techniques with some inputs, e.g., a measurement index of wind volume at area surrounding the wind farm, distribution pattern and confidence interval. The carrying amounts of the foreign currency contract, interest rate swap and forward contract are the same as their fair values.

As at 31 December 2013, the marked to market value of the derivatives is net of a credit/debit valuation adjustment attributable to derivative counterparty default risk.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Available-for-sale investment:				
Listed equity investment	**448,354**	**–**	**–**	**448,354**
Derivative financial instruments:				
Forward contract	**–**	**–**	**98,396**	**98,396**
Forward currency contract	**–**	**18,444**	**–**	**18,444**
	448,354	**18,444**	**98,396**	**565,194**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investment:				
Listed equity investment	188,612	–	–	188,612
Derivative financial instruments:				
Forward contract	–	–	94,830	94,830
	188,612	–	94,830	283,442

Notes to Financial Statements

31 December 2013

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movements in fair measurements in Level 3 during the year are as follows:

	2013 **RMB'000**	2012 RMB'000
Forward contract:		
At 1 January	**94,830**	–
Purchases	**–**	93,345
Total gains recognised in profit or loss	**3,566**	1,485
As 31 December	**98,396**	94,830

Liabilities measured at fair value:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Derivative financial instruments:				
Interest rate swap	**–**	**363**	**–**	**363**

The Group didn't have any financial liabilities measured at fair value as at 31 December 2012.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2012: Nil).

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Pledged deposits, non-current portion	**–**	**266,240**	**–**	**266,240**
Available-for-sale investment:				
Unlisted equity investment	**–**	**416,808**	**–**	**416,808**
Trade receivables	**–**	**930,044**	**–**	**930,044**
Other receivables	**–**	**127,115**	**–**	**127,115**
	–	**1,740,207**	**–**	**1,740,207**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investment:				
Unlisted equity investment	–	355,634	–	355,634
Trade receivables	–	304,747	–	304,747
	–	660,381	–	660,381

Notes to Financial Statements

31 December 2013

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed: (continued)

Company

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Pledged deposits	**–**	**163,463**	**–**	**163,463**
Trade receivables	**–**	**534,529**	**–**	**534,529**
	–	**697,992**	**–**	**697,992**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Trade receivables	–	201,137	–	201,137

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Interest-bearing bank loans and other borrowing	**–**	**7,423,870**	**–**	**7,423,870**
Trade payable	**–**	**400,815**	**–**	**400,815**
Other payable	**–**	**10,292**	**–**	**10,292**
	–	**7,834,977**	**–**	**7,834,977**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowing	–	5,724,045	–	5,724,045
Trade payable	–	244,656	–	244,656
	–	5,968,701	–	5,968,701

Notes to Financial Statements

31 December 2013

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

Company

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowing	**–**	**2,981,162**	**–**	**2,981,162**
Trade payable	**–**	**376,083**	**–**	**376,083**
	–	**3,357,245**	**–**	**3,357,245**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowing	–	2,979,461	–	2,979,461
Trade payable	–	138,743	–	138,743
	–	3,118,204	–	3,118,204

43. 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 Group also enters into derivative transactions, including principally an interest rate swap contract and a forward currency contract. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

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.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this mix in a cost-effective manner, the Group enters into an interest rate swap, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2013, after taking into account the effect of the interest rate swap, approximately 19% (2012: 10%) of the Group's interest-bearing borrowings bore interest at fixed rates.

If there were 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 RMB40,261,000 (2012: RMB28,242,000) for the year ended 31 December 2013, 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.

Notes to Financial Statements

31 December 2013

43. 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 2013 and 2012 are as follows:

Group

	As at 31 December					
	2013			2012		
	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	**1,207**	**78,273**	**–**	4,159	115,018	–
Prepayments, deposits and other receivables	**–**	**4,099**	**–**	17,943	–	–
Cash and cash equivalents	**39,217**	**14,473**	**(92,131)**	17,792	117,320	8,049
Trade payables	**(164,003)**	**–**	**–**	(114,508)	(9,610)	(625)
Other payables	**–**	**–**	**–**	–	(17,275)	–
	(123,579)	**96,845**	**(92,131)**	(74,614)	205,453	7,424

Company

	As at 31 December					
	2013			2012		
	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	**–**	**38,111**	**–**	–	33,659	–
Prepayments, deposits and other receivables	**–**	**–**	**–**	14,234	–	–
Cash and cash equivalents	**296**	**2,687**	**731**	147	11,672	752
Trade payables	**(162,789)**	**–**	**–**	(114,508)	(6)	–
Other payables	**–**	**–**	**–**	–	(17,275)	–
	(162,493)	**40,798**	**731**	(100,127)	28,050	752

43. 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

	2013 RMB'000	2012 RMB'000
If RMB weakens against Euro	**(12,358)**	(7,461)
If RMB strengthens against Euro	**12,358**	7,461
If RMB weakens against United States dollar	**9,685**	20,545
If RMB strengthens against United States dollar	**(9,685)**	(20,545)
If RMB weakens against Hong Kong dollar	**(9,213)**	742
If RMB strengthens against Hong Kong dollar	**9,213**	(742)

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

	As at 31 December	
	2013 RMB'000	2012 RMB'000
If RMB weakens against Euro	**(10,906)**	(6,588)
If RMB strengthens against Euro	**10,906**	6,588
If RMB weakens against United States dollar	**7,613**	15,554
If RMB strengthens against United States dollar	**(7,613)**	(15,554)
If RMB weakens against Hong Kong dollar	**(6,903)**	564
If RMB strengthens against Hong Kong dollar	**6,903**	(564)

Notes to Financial Statements

31 December 2013

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis (continued)

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

	As at 31 December	
	2013 RMB'000	2012 RMB'000
If RMB weakens against Euro	**(13,812)**	(8,511)
If RMB strengthens against Euro	**13,812**	8,511
If RMB weakens against United States dollar	**3,468**	2,384
If RMB strengthens against United States dollar	**(3,468)**	(2,384)
If RMB weakens against Hong Kong dollar	**62**	64
If RMB strengthens against Hong Kong dollar	**(62)**	(64)

The sensitivity analysis above has been determined assuming that the change in foreign currency rates had occurred on 31 December 2013 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.

43. 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 RMB32,065,769,000 as at 31 December 2013, of which an amount of approximately RMB14,082,396,000 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
As at 31 December 2013					
Trade and bills payables	**9,066,852**	**265,491**	**196,899**	**4,837**	**9,534,079**
Financial liabilities included in other payables and accruals	**433,927**	**–**	**–**	**10,292**	**444,219**
Interest-bearing bank loans and other borrowing	**570,705**	**3,344,497**	**1,790,121**	**2,270,533**	**7,975,856**
Interest payments on bank loans and other borrowing	**274,214**	**255,250**	**612,947**	**485,540**	**1,627,951**
Derivative financial instruments	**–**	**–**	**363**	**–**	**363**
	10,345,698	**3,865,238**	**2,600,330**	**2,771,202**	**19,582,468**
As at 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

Notes to Financial Statements

31 December 2013

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

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

Company

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
As at 31 December 2013				
Trade and bills payables	**6,855,895**	**245,781**	**188,083**	**7,289,759**
Financial liabilities included in other payables and accruals	**1,120,323**	**–**	**–**	**1,120,323**
Interest-bearing bank loans and other borrowing	**88,405**	**3,000,000**	**–**	**3,088,405**
Interest payments on bank loans and other borrowing	**64**	**–**	**–**	**64**
	8,064,687	**3,245,781**	**188,083**	**11,498,551**
As at 31 December 2012				
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

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade and bills payables, other payables and accruals, interest-bearing bank 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.

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	
	2013 RMB'000	2012 RMB'000
Trade and bills payables	**9,464,058**	8,749,652
Other payables and accruals	**1,566,098**	1,346,352
Interest-bearing bank loans and other borrowing	**7,964,796**	6,105,117
Less: Cash and cash equivalents	**(4,320,749)**	(6,817,928)
Pledged deposits	**(134,337)**	(143,832)
Net debt	**14,539,866**	9,239,361
Equity attributable to owners of the Company	**13,367,526**	12,902,654
Capital and net debt	**27,907,392**	22,142,015
Gearing ratio	**52.10%**	41.73%

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 March 2014.

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				
	2009	2010	2011	2012	**2013**
REVENUE	10,666,505	17,475,172	12,755,970	11,224,926	**12,196,240**
PROFIT BEFORE TAX	1,990,558	2,799,715	864,434	206,856	**505,550**
Income tax expense	(199,955)	(415,878)	(146,448)	(41,387)	**(71,914)**
PROFIT FOR THE YEAR	1,790,603	2,383,837	717,986	165,469	**433,636**
Profit attributable to:					
Owners of the Company	1,745,580	2,289,520	606,707	153,054	**427,646**
Non-controlling interests	45,023	94,317	111,279	12,415	**5,990**
OTHER COMPREHENSIVE INCOME, NET OF TAX	7,892	(27,475)	(105,460)	8,663	**184,072**
TOTAL COMPREHENSIVE INCOME	1,798,495	2,356,362	612,526	174,132	**617,708**
EARNINGS PER SHARE:					
Basic and diluted (RMB/Share)	0.78	0.99	0.23	0.06	**0.16**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2009	2010	2011	2012	**2013**
Cash and cash equivalents	4,458,950	9,323,600	7,596,918	6,817,928	**4,320,749**
Current assets	11,285,717	22,836,079	25,366,777	23,573,344	**20,268,009**
Non-current assets	3,597,228	5,561,537	7,063,409	8,823,154	**15,076,840**
Total assets	14,882,945	28,397,616	32,430,186	32,396,498	**35,344,849**
Current liabilities	(6,882,263)	(12,456,197)	(15,712,897)	(12,266,403)	**(12,512,998)**
Non-current liabilities	(2,473,425)	(2,310,519)	(3,448,780)	(6,844,470)	**(9,038,915)**
Total liabilities	(9,355,688)	(14,766,716)	(19,161,677)	(19,110,873)	**(21,551,913)**
Net assets	5,527,257	13,630,900	13,268,509	13,285,625	**13,792,936**
Issued share capital	1,400,000	2,694,588	2,694,588	2,694,588	**2,694,588**
Reserves	3,661,057	9,678,240	10,044,742	10,059,864	**10,457,371**
Equity attributable to owners of the Company	5,201,057	13,288,988	12,874,059	12,902,654	**13,367,526**
Non-controlling interests	326,200	341,912	394,450	382,971	**425,410**

Design & Production: A.Plus International Financial Press Limited www.aplus-int.com

Xinjiang Goldwind
Science & Technology Co., Ltd.

General Enquiries:
+86-10-6751 1888
info@goldwind.com.cn

Investor Relations:
+86-10-6751 1996
goldwind@goldwind.com.cn

Website:
www.goldwindglobal.com

GOLDWIND

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

* For identification purpose only