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GOLDWIND

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 People's Republic of China)

Stock Code : 02208

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Annual Results for the year ended 31 December 2014

Compared to 2013 financial results:

Revenue	an increase of 44.08% to approximately RMB17,572.60 million
Gross profit	an increase of 86.06% to approximately RMB4,566.41 million
Profit attributable to owners of the Company	an increase of 327.85% to approximately RMB1,829.68 million
Earnings per share	an increase of 327.85% to approximately RMB0.68
Proposed final dividend per share	an increase of 400.00% to approximately RMB0.40

The Board of the Company hereby announces the audited financial results of the Group for the financial year ended 31 December 2014 (the “**2014 Annual Results**”). The 2014 Annual Results have been audited by Ernst & Young.

** For identification purpose only*

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	4	17,572,601	12,196,240
Cost of sales		<u>(13,006,194)</u>	<u>(9,741,963)</u>
Gross profit		4,566,407	2,454,277
Other income and gains	4	793,821	419,018
Selling and distribution expenses		(1,464,529)	(1,202,407)
Administrative expenses		(1,191,189)	(839,147)
Other expenses		(98,571)	(154,483)
Finance costs	6	(584,292)	(319,806)
Share of profits and losses of:			
Joint ventures		51,019	106,029
Associates		<u>36,320</u>	<u>42,069</u>
PROFIT BEFORE TAX	5	2,108,986	505,550
Income tax expense	7	<u>(255,473)</u>	<u>(71,914)</u>
PROFIT FOR THE YEAR		1,853,513	433,636
Attributable to:			
Owners of the parent		1,829,682	427,646
Non-controlling interests		<u>23,831</u>	<u>5,990</u>
		<u>1,853,513</u>	<u>433,636</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Available-for-sale investments:			
Changes in fair value		(77,672)	269,776
Exchange differences on translation of foreign operations		<u>(87,912)</u>	<u>(103,785)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>(165,584)</u>	<u>165,991</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Net (loss)/gain on cash flow hedges		<u>(18,081)</u>	<u>18,081</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		<u>(18,081)</u>	<u>18,081</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>(183,665)</u>	<u>184,072</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(<u>183,665</u>)	<u>184,072</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,669,848</u>	<u>617,708</u>
Total comprehensive income attributable to:			
Owners of the parent		1,646,017	611,718
Non-controlling interests		<u>23,831</u>	<u>5,990</u>
		<u>1,669,848</u>	<u>617,708</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted	9	<u>RMB0.68</u>	<u>RMB0.16</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		10,481,778	10,349,292
Investment properties		76,593	79,489
Prepaid land lease payments		177,677	123,861
Goodwill		242,794	311,674
Other intangible assets		265,267	369,226
Investments in joint ventures		461,219	506,529
Investments in associates		456,076	350,624
Available-for-sale investments		827,777	865,162
Deferred tax assets		850,833	714,170
Trade receivables	10	1,514,030	928,834
Prepayments, deposits and other receivables		2,015,718	211,739
Derivative financial instruments		4,797	-
Pledged deposits	11	<u>307,878</u>	<u>266,240</u>
Total non-current assets		<u>17,682,437</u>	<u>15,076,840</u>
CURRENT ASSETS			
Inventories		3,649,585	3,002,477
Trade and bills receivables	10	11,294,246	9,804,087
Prepayments, deposits and other receivables		2,170,275	2,095,790
Equity investment at fair value through profit or loss		90,067	-
Derivative financial instruments		-	116,840
Pledged deposits		579,150	134,337
Cash and cash equivalents	11	<u>9,528,460</u>	<u>4,320,749</u>
		27,311,783	19,474,280
Assets of a disposal group classified as held for sale		<u>783,106</u>	<u>793,729</u>
Total current assets		<u>28,094,889</u>	<u>20,268,009</u>
CURRENT LIABILITIES			
Trade and bills payables	12	10,838,968	9,066,852
Other payables and accruals		3,854,209	1,555,806
Interest-bearing bank loans and other borrowings		5,857,702	570,705
Tax payable		230,025	125,188
Provision		<u>832,534</u>	<u>627,041</u>
		21,613,438	11,945,592
Liabilities directly associated with the assets classified as held for sale		<u>706,323</u>	<u>567,406</u>
Total current liabilities		<u>22,319,761</u>	<u>12,512,998</u>
NET CURRENT ASSETS		<u>5,775,128</u>	<u>7,755,011</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,457,565</u>	<u>22,831,851</u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,457,565</u>	<u>22,831,851</u>
NON-CURRENT LIABILITIES			
Trade payables	12	607,060	397,206
Other payables		57,957	10,292
Derivative financial instruments		-	363
Interest-bearing bank loans and other borrowings		6,022,749	7,394,091
Deferred tax liabilities		26,897	31,558
Provision		1,265,577	970,889
Government grants		244,218	234,516
Deferred revenue		<u>6,098</u>	<u>-</u>
Total non-current liabilities		<u>8,230,556</u>	<u>9,038,915</u>
Net assets		<u>15,227,009</u>	<u>13,792,936</u>
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		2,694,588	2,694,588
Reserves		10,995,366	10,457,371
Proposed final dividend	8	<u>1,077,835</u>	<u>215,567</u>
		14,767,789	13,367,526
Non-controlling interests		<u>459,220</u>	<u>425,410</u>
Total equity		<u>15,227,009</u>	<u>13,792,936</u>

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Director Wu Gang

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Director Wang Haibo

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
Year ended 31 December 2014

	Attributable to owners of the parent											
	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 at 1 January 2014	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
Profit for the year	-	-	-	-	1,829,682	-	-	-	-	1,829,682	23,831	1,853,513
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investment, net of tax	-	-	-	-	-	(77,672)	-	-	-	(77,672)	-	(77,672)
Cash flow hedges, net of tax	-	-	-	-	-	-	(18,081)	-	-	(18,081)	-	(18,081)
Exchange differences on translations of foreign operations	-	-	-	-	-	-	-	(87,912)	-	(87,912)	-	(87,912)
Total comprehensive income for the year	-	-	-	-	1,829,682	(77,672)	(18,081)	(87,912)	-	1,646,017	23,831	1,669,848
Final 2013 dividend declared	-	-	-	-	-	-	-	-	(215,567)	(215,567)	-	(215,567)
Profit appropriation to reserves	-	-	-	66,184	(66,184)	-	-	-	-	-	-	-
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(17,623)	(17,623)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	3,524	3,524
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	3,380	3,380
Acquisition of non-controlling interests	-	(27,358)	-	-	-	-	-	-	-	(27,358)	(36,512)	(63,870)
Disposal of shares to non-controlling shareholders	-	(2,829)	-	-	-	-	-	-	-	(2,829)	57,700	54,871
Capital withdrawal of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(490)	(490)
Proposed final 2014 dividend	-	-	-	-	(1,077,835)	-	-	-	1,077,835	-	-	-
Transfer to special reserve	-	-	(23,244)	-	-	-	-	-	-	(23,244)	-	(23,244)
Special reserve utilised	-	-	23,244	-	-	-	-	-	-	23,244	-	23,244
As at 31 December 2014	<u>2,694,588</u>	<u>*7,962,425</u>	<u>-</u>	<u>*652,350</u>	<u>*2,531,659</u>	<u>*189,143</u>	<u>-</u>	<u>*(340,211)</u>	<u>1,077,835</u>	<u>14,767,789</u>	<u>459,220</u>	<u>15,227,009</u>

* As at 31 December 2014, these reserve accounts comprised the consolidated reserves of RMB 10,995,366,000 (31 December 2013: RMB10,457,371,000) in the consolidated statement of financial position.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,108,986	505,550
Adjustments for:			
Finance costs	6	584,292	319,806
Bank interest income		(15,143)	(2,615)
Share of profits and losses of joint ventures		(51,019)	(106,029)
Share of profits and losses of associates		(36,320)	(42,069)
Depreciation	5	375,159	176,450
Amortisation of prepaid land lease payments	5	3,736	2,628
Amortisation of other intangible assets	5	55,315	52,286
Loss/(gain) on disposals of items of property, plant and equipment and other intangible assets, net		2,482	(69)
Gain on disposals of subsidiaries	4	(20,000)	(118,022)
Gain on disposal of a business	4	(333,149)	-
Gain on disposals of joint ventures	4	-	(15,833)
Gain on disposal of an associate	4	(604)	-
Gain on disposal of available-for-sale investments	4	(98,268)	(85,992)
Dividend income from available-for-sale investments		(5,968)	(1,879)
Gain on other investments		(14,469)	(9,047)
Net fair value gain on derivative financial instruments	4	(1,469)	(3,566)
Impairment of trade and other receivables	5	13,348	85,963
Write-down of inventories to net realisable value	5	109,797	47,671
Government grants		(7,451)	(6,057)
		<u>2,669,255</u>	<u>799,176</u>
(Increase)/decrease in inventories		(732,885)	471,679
Increase in trade and bills receivables		(2,095,295)	(453,138)
(Increase) /decrease in prepayments, deposits and other receivables		(1,246,359)	55,227
Increase in trade and bills payables		1,722,803	850,826
Increase in other payables and accruals		2,397,622	232,438
Increase in provision		500,181	242,784
Increase in government grants		<u>10,859</u>	<u>8,020</u>
Cash generated from operations		3,226,181	2,207,012
Income tax paid		(396,797)	(276,963)
Net cash flows from operating activities		<u>2,829,384</u>	<u>1,930,049</u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(2,312,596)	(6,171,114)
Additions of prepaid land lease payments		(57,552)	(18,087)
Additions of other intangible assets		(376,237)	(30,232)
Acquisitions of subsidiaries, net of cash acquired		(38,012)	(13,193)
Purchases of shareholding in joint ventures		(74,520)	-
Purchases of shareholding in associates		(19,850)	(3,380)
Purchases of available-for-sale investments		(79,444)	(90,303)
Purchase of other long term assets		(87,819)	(58,000)
Receipt of government grants		6,000	72,929
Disposal of shareholding in joint ventures and other entities		-	79,041
Disposal of interests in subsidiaries to non-controlling shareholder		-	17,545
Proceeds from disposals of items of property, plant and equipment and other intangible assets		1,919	12,747
Disposals of subsidiaries, net of cash disposed of		246,917	20,627
Disposals of a business, net of cash disposed of		605,047	-
Disposals of assets held for sale		57,020	70,000
Cash and cash equivalents included in assets held for sale		18,108	(30,124)
Decrease/(increase) in pledged deposits		9,858	(62,550)
Decrease/(increase) in non-pledged time deposits with original maturity of three months or more when acquired		39,815	(34,849)
Bank interest income		101	2,615
Dividend income from available-for-sale investments		5,968	1,879
Dividend received from joint ventures and associates		190,349	64,190
Gain on disposal of available-for-sale investments		58,634	83,912
Gain on other investments		<u>131,553</u>	<u>9,110</u>
Net cash flows used in investing activities		<u>(1,674,741)</u>	<u>(6,077,237)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		6,367,449	3,539,402
Repayment of bank loans		(1,344,981)	(1,048,617)
Decrease in payables to the non-controlling shareholders of subsidiaries		(3,940)	(25,495)
Interest paid		(646,105)	(452,721)
Acquisitions of non-controlling interests in subsidiaries		(63,870)	-
Capital contributions from non-controlling shareholders		3,380	23,000
Disposal of shares to non-controlling shareholders		57,520	-
Dividend paid to owners of the parent		(215,567)	(148,202)
Dividend paid to non-controlling shareholders		(18,966)	(8,658)
Up-front fees for syndicated loan		-	(39,873)
Net cash flows from/(used in) financing activities		<u>4,134,920</u>	<u>1,838,836</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		4,276,301	6,604,328
Effect of foreign exchange rate changes, net		(42,038)	(19,675)
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	<u>9,523,826</u>	<u>4,276,301</u>

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 include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and interpretations) issued by the International Accounting Standards Board (the “IASB”). These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. 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 2014. 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 PREPARATION (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 revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS12 and IAS 27(2011)	<i>Investment Entities</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRIC-Int 21	<i>Levies</i>
Amendment to IFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to IFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to IFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to IFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective IFRSs</i>

¹ Effective from 1 July 2014

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four 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;
- (a) 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; and
- (b) The "other" segment mainly engages in the water treatment and finance lease.

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

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
NOTES TO FINANCIAL STATEMENTS
31 December 2014

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2014

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	15,703,571	649,403	1,169,021	50,606	-	17,572,601
Intersegment sales	<u>869,193</u>	<u>216,809</u>	<u>2,903</u>	<u>1,100</u>	<u>(1,090,005)</u>	<u>-</u>
Total revenue	16,572,764	866,212	1,171,924	51,706	(1,090,005)	17,572,601
Segment results						
Interest income	1,740,437	23,932	784,193	146,919	(65,366)	2,630,115
Finance costs	<u>(251,653)</u>	<u>176</u>	<u>8,073</u>	<u>1,167</u>	<u>(38)</u>	<u>63,163</u>
Profit before tax	<u>1,542,569</u>	<u>-</u>	<u>(320,017)</u>	<u>(12,622)</u>	<u>-</u>	<u>(584,292)</u>
	<u>24,108</u>	<u>472,249</u>	<u>135,464</u>	<u>(65,404)</u>	<u>2,108,986</u>	
Segment assets	<u>36,270,463</u>	<u>1,216,952</u>	<u>18,090,589</u>	<u>2,506,372</u>	<u>(12,307,050)</u>	<u>45,777,326</u>
Segment liabilities	<u>20,944,461</u>	<u>562,672</u>	<u>11,113,418</u>	<u>1,119,991</u>	<u>(3,190,225)</u>	<u>30,550,317</u>
Other segment information:						
Share of profits and losses of:						
Joint ventures	-	-	51,019	-	-	51,019
Associates	2,108	1,297	9,927	22,988	-	36,320
Depreciation and amortisation	139,816	2,324	322,557	125	(30,612)	434,210
Write-down of inventories to net realisable value	109,797	-	-	-	-	109,797
Impairment of trade and other receivables	86,018	8,933	30,220	-	-	125,171
Reversal of impairment of trade and other receivables	<u>(111,788)</u>	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,823)</u>
Product warranty provision	885,566	-	-	-	(36,432)	849,134
Investments in joint ventures	8,089	-	463,416	48,000	(58,286)	461,219
Investments in associates	65,724	6,059	210,181	175,563	(1,451)	456,076
Capital expenditure ⁽¹⁾	182,810	10,926	2,326,539	230,757	(203,829)	2,547,203

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
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3. 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	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	11,221,663	589,955	367,671	16,951	-	12,196,240
Intersegment sales	<u>3,525,441</u>	<u>183,707</u>	<u>-</u>	<u>-</u>	<u>(3,709,148)</u>	<u>-</u>
Total revenue	14,747,104	773,662	367,671	16,951	(3,709,148)	12,196,240
Segment results	956,631	23,920	125,851	33,366	(351,937)	787,831
Interest income	65,825	302	7,671	1,548	(37,821)	37,525
Finance costs	<u>(222,933)</u>	<u>-</u>	<u>(134,694)</u>	<u>-</u>	<u>37,821</u>	<u>(319,806)</u>
Profit before tax	<u>799,523</u>	<u>24,222</u>	<u>(1,172)</u>	<u>34,914</u>	<u>(351,937)</u>	<u>505,550</u>
Segment assets	<u>29,259,395</u>	<u>699,728</u>	<u>15,949,410</u>	<u>1,249,238</u>	<u>(11,812,922)</u>	<u>35,344,849</u>
Segment liabilities	<u>14,745,444</u>	<u>380,676</u>	<u>12,359,722</u>	<u>48,619</u>	<u>(5,982,548)</u>	<u>21,551,913</u>
Other segment information:						
Share of profits and losses of:						
Joint ventures	-	-	106,029	-	-	106,029
Associates	8,141	779	13,147	20,002	-	42,069
Depreciation and amortisation	132,391	2,784	109,103	134	(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	-	652,464	-	(155,070)	506,529
Investments in associates	62,142	7,359	151,585	166,343	(36,805)	350,624
Capital expenditure ⁽¹⁾	134,596	1,659	6,176,444	38,179	(424,266)	5,926,612

⁽¹⁾ Capital expenditure mainly consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2014 RMB'000	2013 RMB'000
Mainland China	15,723,426	10,834,854
Overseas	<u>1,849,175</u>	<u>1,361,386</u>
	<u>17,572,601</u>	<u>12,196,240</u>

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

(b) Non-current assets

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Mainland China	11,432,697	9,177,394
United States of America	305,366	318,316
Germany	482,912	528,065
Australia	50,028	1,448,871
Others	<u>831,538</u>	<u>702,672</u>
	<u>13,102,541</u>	<u>12,175,318</u>

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 2014 and 31 December 2013, respectively, no revenue generated from any of the Group's customers individually accounted for 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2014 RMB'000	2013 RMB'000
<u>Revenue</u>		
Sale of wind turbine generators and wind power components	15,703,571	11,221,663
Wind power services	649,403	589,955
Wind power generation	1,169,021	367,671
Others	<u>50,606</u>	<u>16,951</u>
	<u>17,572,601</u>	<u>12,196,240</u>
<u>Other income</u>		
Bank interest income	63,163	37,525
Dividend income from available-for-sale unlisted investments	5,968	1,879
Gross rental income	3,702	3,128
Government grants	86,970	36,893
Value-added tax refund	15,777	8,442
Insurance compensation on product warranty expenditures	93,157	67,887
Others	<u>30,155</u>	<u>20,946</u>
	<u>298,892</u>	<u>176,700</u>
<u>Gains</u>		
Gain on disposals of subsidiaries, including wind farm project companies	20,000	118,022
Gain on disposals of a business	333,149	-
Gain on disposals of investments in joint ventures	-	15,833
Gain on disposal of investments in an associate	604	-
Gain on disposals of available-for-sale investments	98,268	85,992
Gain on disposals of items of property, plant and equipment	2,121	427
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	1,469	3,566
Gain on foreign exchange difference	7,947	-
Others	<u>31,371</u>	<u>18,478</u>
	<u>494,929</u>	<u>242,318</u>
Total other income and gains	<u>793,821</u>	<u>419,018</u>

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5. PROFIT BEFORE TAX

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

	Notes	2014 RMB'000	2013 RMB'000
Cost of inventories sold		11,942,630	9,036,217
Depreciation (note (a)) provided for:			
Property, plant and equipment		372,263	173,554
Investment properties		<u>2,896</u>	<u>2,896</u>
		<u>375,159</u>	<u>176,450</u>
Amortisation of prepaid land lease payments		3,736	2,628
Amortisation of other intangible assets		<u>55,315</u>	<u>52,286</u>
		<u>59,051</u>	<u>54,914</u>
Impairment of trade and bills receivables	10	95,653	145,614
Reversal of impairment of trade and bills receivables	10	(111,823)	(75,702)
Impairment of prepayments, deposits and other receivables		29,518	16,055
Reversal of impairment of prepayments, deposits and other receivables		<u>-</u>	<u>(4)</u>
		<u>13,348</u>	<u>85,963</u>
Write-down of inventories to net realisable value		109,797	47,671
Loss on disposals of items of property, plant and equipment and other intangible assets, net		4,603	358
Minimum lease payments under operating leases of land and buildings		13,214	21,419
Auditors' remuneration		7,284	7,211
Employee benefit expenses (including directors', and supervisors' remuneration):			
Wages and salaries		819,544	545,271
Pension scheme contributions (defined contribution scheme)(note (b))		53,863	41,537
Welfare and other expenses		<u>120,900</u>	<u>94,592</u>
		<u>994,307</u>	<u>681,400</u>

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5. PROFIT BEFORE TAX (continued)

	2014 RMB'000	2013 RMB'000
Research and development costs:		
Staff costs	164,896	133,706
Amortisation and depreciation	28,419	10,620
Materials expenditure and others	<u>224,083</u>	<u>129,929</u>
	<u>417,398</u>	<u>274,255</u>
Government grants (note (c))	(86,970)	(36,893)
Product warranty provision:		
Additional provision	949,631	517,859
Reversal of unutilised provision	<u>(100,497)</u>	<u>(46,812)</u>
	<u>849,134</u>	<u>471,047</u>
Insurance compensation on product warranty expenditures	(93,157)	(67,887)
Foreign exchange differences, net	(7,947)	35,324
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	(1,469)	(3,566)
Dividend income from available-for-sale unlisted investments	(5,968)	(1,879)
Bank interest income	(63,163)	(37,525)
Gain on disposals of subsidiaries, including wind farm project companies	(20,000)	(118,022)
Gain on disposals of available-for-sale investments	(98,268)	(85,992)
Gain on disposals of investments in joint ventures and an associate	(604)	(15,833)
Gain on disposals of items of property, plant and equipment	(2,121)	(427)

Notes:

- (a) Depreciation of approximately RMB307,225,000 is included in the cost of sales on the face of the consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2014 (2013: RMB117,375,000).
- (b) As at 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (31 December 2013: Nil).
- (c) Most 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.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 RMB'000	2013 RMB'000
Interest on bank loans and other borrowings wholly repayable:		
Within five years	481,860	294,688
Above five years	<u>203,329</u>	<u>162,652</u>
	685,189	457,340
Less: Interest capitalised	<u>(100,897)</u>	<u>(137,534)</u>
	<u>584,292</u>	<u>319,806</u>

7. INCOME TAX

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. As the certification of high and new technology enterprise will expire in 2015, the Company is in process of applying a renewed certification. Senior management of the Company believes it highly probable to obtain the renewed certification.

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 jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2014 RMB'000	2013 RMB'000
Current		
- Hong Kong	46,064	9,855
- Mainland China	329,707	248,560
- Elsewhere	<u>17,415</u>	<u>18,860</u>
	393,186	277,275
Deferred	<u>(137,713)</u>	<u>(205,361)</u>
Tax charge for the year	<u>255,473</u>	<u>71,914</u>

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7. INCOME TAX (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:

	2014 RMB'000	2013 RMB'000
Profit before tax	2,108,986	505,550
Tax at the statutory tax rate of 25%	527,247	126,388
Effect of different income tax rates for overseas entities	(15,088)	(4,953)
Effect of different income tax rates for domestic entities	(215,090)	(64,181)
Tax losses not recognised	6,007	26,273
Income not subject to tax	(1,492)	(470)
Expenses not deductible for tax	3,842	39,305
Additional tax deduction for research and development expenditure	(42,866)	(42,902)
Profits and losses attributable to joint ventures	(12,755)	(26,507)
Profits and losses attributable to associates	(9,080)	(10,517)
Others	<u>14,748</u>	<u>29,478</u>
Tax charge for the year at the effective rate	<u>255,473</u>	<u>71,914</u>

8. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Proposed final dividend of RMB0.40 (2013: RMB0.08) per ordinary share	<u>1,077,835</u>	<u>215,567</u>

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

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,694,588,000 (2013: 2,694,588,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during those years.

The calculations of basic and diluted earnings per share are based on:

	2014 RMB'000	2013 RMB'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>1,829,682</u>	<u>427,646</u>
	2014	2013
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>2,694,588,000</u>	<u>2,694,588,000</u>

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10. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	10,193,845	8,161,562
Bills receivable	533,220	1,164,621
Retention money receivables	2,545,195	1,913,354
Provision for impairment	(463,984)	(506,616)
	12,808,276	10,732,921
Portion classified as non-current assets	(1,514,030)	(928,834)
Current portion	<u>11,294,246</u>	<u>9,804,087</u>

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 two to five 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.

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10. 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:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 3 months	5,051,238	4,531,027
3 to 6 months	2,183,369	1,248,321
6 months to 1 year	1,628,581	1,053,429
1 to 2 years	2,160,463	1,987,176
2 to 3 years	755,948	1,081,378
Over 3 years	<u>1,028,677</u>	<u>831,590</u>
	<u>12,808,276</u>	<u>10,732,921</u>

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10. TRADE AND BILLS RECEIVABLES (continued)

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

	2014 RMB'000	2013 RMB'000
At beginning of the year	506,616	436,939
Impairment losses recognised (note 4)	95,653	145,614
Impairment losses reversed (note 4)	(111,823)	(75,702)
Amounts written off as uncollectible	(28,442)	(154)
Exchange realignment	<u>1,980</u>	<u>(81)</u>
At end of the year	<u>463,984</u>	<u>506,616</u>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB119,993,000 (31 December 2013: RMB159,505,000) with a carrying amount before provision of RMB223,253,000 (31 December 2013: RMB851,440,000).

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.

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10. TRADE AND BILLS RECEIVABLES (continued)

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

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Neither past due nor impaired	7,509,531	4,891,444
Less than 3 months past due	2,579,335	1,271,030
3 to 6 months past due	<u>438,864</u>	<u>1,082,892</u>
	<u>10,527,730</u>	<u>7,245,366</u>

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors 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.

10. 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, and the amounts due from the Group’s joint ventures and associates included in the trade and bills receivables are as follows:

	As at 31 December	
	2014	2013
	RMB’000	RMB’000
A shareholder holding a 13.95% interest in the Company	17,008	28,782
Joint ventures	252,583	113,454
Associates	<u>260,334</u>	<u>132,982</u>
	<u>529,925</u>	<u>275,218</u>

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:

	2014	2013
Effective interest rate	6.05%	6.37%

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 2014, 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 RMB1,552,183,000 (31 December 2013: RMB280,227,000) were pledged to secure certain of the Group’s bank loans .

As at 31 December 2014, the Group’s bills receivable amounting to RMB5,000,000 (31 December 2013: RMB99,132,000) were pledged to secure certain of the Group’s bank acceptance bills.

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11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Cash and bank balances	5,758,314	3,727,879
Time deposits	<u>4,657,174</u>	<u>993,447</u>
	10,415,488	4,721,326
Less: Pledged time deposits for		
- Bank loans	(82,565)	(14,144)
- Uncompleted transaction	(5,208)	(87,525)
- Letters of credit	(2,807)	(31,463)
- Guarantee issued	(488,570)	(1,205)
- Provision of risk (i)	<u>(307,878)</u>	<u>(266,240)</u>
	<u>(887,028)</u>	<u>(400,577)</u>
Cash and cash equivalents in the consolidated statement of financial position	9,528,460	4,320,749
Less: Non-pledged time deposits with original maturity of three months or more when acquired	<u>(4,634)</u>	<u>(44,448)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>9,523,826</u>	<u>4,276,301</u>
Pledged deposits	887,028	400,577
Portion classified as non-current assets	<u>(307,878)</u>	<u>(266,240)</u>
Current portion	<u>579,150</u>	<u>134,337</u>
Cash and cash equivalents and pledged deposits denominated in:		
- RMB	9,374,690	3,777,965
- United States dollar	618,820	515,134
- Euro	327,495	332,640
- Hong Kong dollar	63,248	40,474
- Other currencies	<u>31,235</u>	<u>55,113</u>
	<u>10,415,488</u>	<u>4,721,326</u>

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12. TRADE AND BILLS PAYABLES

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payables	6,335,137	4,975,287
Bills payable	<u>5,110,891</u>	<u>4,488,771</u>
	11,446,028	9,464,058
Portion classified as non-current liabilities	(607,060)	(397,206)
Current portion	<u>10,838,968</u>	<u>9,066,852</u>

Trade and bills payables are non-interest-bearing and are normally settled in 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.

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

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 3 months	5,884,047	3,551,580
3 to 6 months	4,018,510	3,294,350
6 months to 1 year	571,026	1,257,958
1 to 2 years	491,142	770,564
2 to 3 years	183,998	377,820
Over 3 years	<u>297,305</u>	<u>211,786</u>
	<u>11,446,028</u>	<u>9,464,058</u>

12. 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	
	2014	2013
	RMB'000	RMB'000
Associates	<u>1,465,160</u>	<u>1,425,103</u>

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:

	2014	2013
Effective interest rate	6.50%	6.54%

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.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2015.

Management Discussion and Analysis

In 2014, the global economy continued a modest, but uneven recovery. Developed economies led by the United States improved, the Eurozone remained sluggish, and emerging economies continued to grow, but at a slower rate. Sharply lower oil prices and geopolitical conflicts created new uncertainty. According to *World Economic Outlook* released by IMF recently, the global economic growth rate in 2014 is estimated to be 3.3%.

China deepened its economic reforms in 2014, entering a period that is often called the “New Normal”, in which more moderately paced economic growth is accepted in exchange for structural adjustments that will place a greater emphasis on innovation and domestic consumption to drive future economic growth, rather than capital investment. In 2014, the Chinese economy grew at a stable and reasonable pace, achieving progress and improving in the quality of economic output. The *National Economy Operational Status 2014* published by the State Statistical Bureau, reported that China’s GDP grew 7.4% in 2014.

The China Electricity Council and the National Energy Administration reported that, as of the end of 2014, domestic electricity generating capacity reached 1,360.19 million kW, representing year-on-year growth of 8.7%. China generated 5,545.9 billion kWh of electricity in 2014, up 3.6% compared to 2013. Within that total, China generated 156.3 billion kWh of electricity from wind energy in 2014, accounting for 2.8% of total electricity, up from 2.6% in 2013.

The Global Wind Energy Council reported that 51,477MW of new wind power capacity was installed globally in 2014, up 44% compared to 2013. Of the total newly installed capacity, 45% was installed in China, the largest wind power market in the world. The second and third largest markets were the United States and Germany, accounting for 18% and 11% respectively.

I. INDUSTRY REVIEW

Wind energy has become more commercially competitive in the recent years thanks to lower-cost wind equipment, technological improvements and economies of scale. Wind power is expected to lead China’s future energy mix restructuring process during the Thirteenth Five-Year Plan. In preparation, Chinese government implemented further policy adjustments in 2014 to push forward the development of wind power market and to improve wind industry’s foundation.

i. Policy Review

1. Adjust onshore and offshore wind tariff pricing

On 31 December 2014, Price bureau of the NDRC issued the *Notice for the Appropriate Adjustment of Onshore Wind Power Benchmark Feed-in-Tariff* (關於適當調整陸上風電標杆上網電價的通知). The feed-in tariff for Tier 1, 2 and 3 wind resources zones will be cut by RMB 0.02/ kWh, to RMB 0.49/kWh, RMB 0.52/ kWh, and RMB 0.56/ kWh, respectively, starting in 2016. The FIT for Tier 4 remains at RMB0.61/ kWh. There will be no tariff cut for existing wind farms in operation or for wind projects that obtained approval by 1 January 2015, and commissioned by 1 January 2016. The move aims to guide rational investment in wind power, to promote healthy and orderly development of the wind power industry, to improve the efficiency of the Supplementary Tariff on Electricity Prices for renewable energy. The reduction of the FIT for new wind farm projects should encourage developers to pay greater attention to wind turbine quality and power output, which may elevate the industry’s technical standards, speed up the move toward grid parity and marginalize weaker competitors.

On 5 June 2014, the NDRC issued the *Notice of Offshore Wind Power Feed-in-Tariff Policies* (關於海上風電上網電價政策的通知). For non-bid offshore wind projects beginning prior to 2017, the feed-in tariff is RMB0.75/ kWh for intertidal projects and RMB0.85/ kWh for near-shore projects. The feed-in tariff for projects beginning during or after 2017 will be determined based on further discussion. This policy will speed up the development of new offshore wind power projects by setting up clear feed-in tariff in the near term.

2. Enhance wind projects planning and approval

On 13 February 2014, the NEA issued the *Notice for Approval Plan for Wind Power Projects (Fourth Batch) under the Twelfth Five Year Plan* (關於印發「十二五」第四批風電項目核准計畫的通知). The list includes wind power projects totaling 27.6GW of capacity, and represents a continuation of the national annual planning process.

On 8 December 2014, the NEA issued the *Notice for issuance of National Offshore Wind Farm Development Plan (2014-2016)* (關於印發全國海上風電開發建設方案(2014-2016)的通知). The offshore wind farm plan includes 44 projects in eight provinces and cities, Tianjin, Hebei, Liaoning, Jiangsu, Zhejiang, Fujian, Guangzhou and Hainan, with a total capacity of 10.53GW. These projects have been accepted by the NEA to continue the approval process.

On 25 December 2014, the NEA issued the *Notice to Submit Wind Power Projects for Approval under the Twelfth Five Year Plan (Fifth Batch)* (關於報送「十二五」第五批風電項目核准計畫項目的通知) to 15 provinces and cities, excluding Inner Mongolia, Xinjiang and the three provinces of the Northeast, Heilongjiang, Jilin and Liaoning. This notice shows that given the short-term bottleneck of consumption, the government decided to implement separate management of planning and approval of wind projects in Three-North region, where wind resources are abundant. In addition, the Chinese government has suspended approval of new projects in Inner Mongolia and the Northeast, where curtailment of wind power remains high.

On 6 January 2014, for the first time the NEA announced a list of cancelled projects that failed to finish the approval process on time. The cancelled projects were all approved in the first batch in 2011. On 12 January 2015, the NEA announced the next list of cancelled projects from the second batch in 2012. The NEA aims to streamline the approval process and elevate wind power project development practices.

In October 2014, the NEA introduced *Notice for Dedicated Regulation Work for New Power Project Investment and Development Practice* (國家能源局關於開展新建電源項目投資開發秩序專項監管工作的通知), which seeks to prevent pre-construction speculation on new projects, to implement a project development plan that encourages timely investment in new project development and to strengthen regulation of equity transfer and construction progress.

3. Encourage Wind Energy Consumption

The Chinese government introduced multiple measures to increase both near-term and long-term wind energy consumption and encourage more efficient use of clean power.

On 20 March 2015, the NDRC and NEA jointly issued *the Directives for Improving Grid Operation and Promote the Utilization of Clean Energy* (關於改善電力運行調節促進清潔能源多發滿發的指導意見). The policy suggests local government should introduce several measures to ensure full-amount purchase of renewable energy in the premise of grid safety operation in their annual plan.

According to the policy, local government will reserves room for clean energy (such as hydropower, wind power and solar energy) in the annual plan. Direct trade to achieve full utilization of renewable energy is highly encouraged. New electricity demand should be allocated to clean energy. The policy also pushes for clean energy's share of electricity transmission to be quantified and increased; encourages a compensation mechanism to thermal power plants for peak shaving be completed; and promotes related utilization inspection.

On 24 March 2014, the NDRC, NEA and MEP jointly released the *Working Plan to Strengthen Air Pollution Control and Treatment in the Energy Industry* (能源行業加強大氣污染防治工作方案). The plan set an intermediate target of 150 GW of total installed wind power by 2017. In the Beijing, Tianjin & Tangshan area, wind energy should comprise at least 10% of total power consumption by 2015 and 15% by 2017.

According to the Plan, China will construct 12 dedicated trans-regional transmission lines in order to increase the consumption of clean power. Seven of the 12 dedicated transmission lines are included in the State Grid's latest updated planning for ultra-high voltage transmission lines. The first projects are targeted to be completed in 2016.

The Plan will ensure further improvement of wind power ratio to overall primary energy consumption in the middle to long term, by means of promoting newly installed capacity and energy transmission.

On 29 July 2014, the NEA introduced the *Notice of Requirements to Strengthen Management on Wind Power Projects Development and Construction* (關於加強風電項目開發建設管理有關要求的通知). The notice includes several requirements that encourage the power grid to give priority to wind energy. Firstly, to better serve wind power development and construction, the grid operators should consider power demand in their wind power planning and project planning processes. Secondly, grid operators should construct grid projects on time to ensure coordination with related wind power projects. Thirdly, to address curtailment, grid operators should only permit further wind farm construction if a region has already achieved high utilization of its existing wind farms. Grid operators should encourage wide geographic distribution of wind farms and support wind power heating projects.

4. Improve the Technical Standard and Regulate Wind Power Market

High technical standards and high quality wind turbines are essential to the success of the wind industry. It is the primary task for the wind power industry to establish a robust wind power equipment market and to improve overall equipment quality and operating efficiency.

On 25 September 2014, the NEA introduced the *Notice on Relevant Requirements for Regulating Orders in the Wind Power Equipment Market* (關於規範風電設備市場秩序有關要求的通知). The Notice set a requirement for type approval certification of wind turbines and their key components. Starting 1 July 2015, wind farm developers must require type approval certification for their wind equipment tenders.

By setting type approval certification as a requirement and encouraging fair and open wind turbine tenders, this notice should result in an increase in equipment certification and faster quality acceptance of wind turbine equipment by developers. The requirement for type approval certification will not only improve quality standards and encourage wind farm operating efficiency, but will also improve China's technical standards and thereby open new opportunities for exports of Chinese wind turbines to the international market.

The notice included a proposal to reduce delayed or failed quality acceptance and to expedite payments to wind equipment manufacturers. The proposal included standards for quality acceptance, a dispute settlement mechanism, and information disclosure requirements. This is one example of practical policy that should improve the competitive environment for wind power equipment.

ii . Industry Developments

Following significant recovery in 2013 and encouraged by a supportive policy environment, wind farm construction accelerated in China during 2014. China's newly installed wind power capacity reached a new high and wind energy curtailment improved. The NEA and the State Grid also accelerated the planning and construction of transmission lines for clean energy.

1. Newly Installed Capacity

China achieved a record high for newly installed wind power capacity in 2014. The Chinese Wind Energy Association reported newly installed wind capacity of 23.2GW, an increase of 44% compared to 2013, and exceeded the former high of 18.93GW in 2010. China's accumulated installed wind power capacity was 114.61GW at the end of 2014. Investment in new wind farms rose thanks to increased wind power consumption and improved cash flow among wind farm operators, and clarification of the anticipated return on investment. After the government announced plans to adjust the wind feed-in tariff in September 2014, developers rushed orders for certain regions of China in the second half of 2014.

Statistics showed a 36.7% YOY increase in newly connected capacity to 19.81GW in 2014, bringing the accumulated connected capacity to 96.37GW, representing a 26% YOY increase.

2. Improvement in Approvals

In February 2014, the NEA issued the *Notice for Approval Plan for Wind Power Projects (Fourth Batch) under the Twelfth Five Year Plan* (關於印發「十二五」第四批風電項目核准計畫的通知), including 445 projects with a total capacity of 27.6GW.

Final approvals of new wind projects accelerated in 2014. The NEA reported that 50% of the aforementioned four batches of wind farm projects with preliminary approval had finished the approval process in 10 months by the end of 2014. NEA approved 36GW of new capacity in 2014, representing an increase of 6GW compared to 2013, and bringing total cumulative approved capacity to 173GW at the end of 2014. China had 77.04GW of approved projects under construction at the end of 2014, representing an increase of 16GW compared to the end of 2013.

3. Grid Construction

The NEA has planned to construct 12 dedicated trans-regional transmission lines for clean power. The State Grid will be responsible for the construction and operation of 11 of the 12 transmission lines and China Southern Power Grid Company will be responsible for the remaining one. The 12 transmission lines include three ultra-high voltage (UHV) transmission lines (of which two are alternating current (AC) and one is direct current (DC)) that were officially commenced in November 2014 by the State Grid. Those transmission lines will connect the following locations: Huannan to Shanghai (AC), Ximeng to Shandong (AC) and Ning Dong to Zhejiang (DC). These three UHV transmission lines will enhance outbound transmission from Inner Mongolia and Gansu, supplementing the supply of electricity to the Beijing-Tianjin-Hebei area and the Yangtze River Delta region.

Among the other UHV transmission lines that will be constructed by the State Grid, one AC line and one DC line will commence construction in 2015, and the remaining one AC line and one DC line are in process for construction approval. China Southern Power Grid's Dianxibei to Guangdong 800KV DC project will also commence construction in 2015. These projects represent a new stage of large-scale, UHV grid development in China.

In addition, the State Grid planned to construct "three vertical and three horizontal" UHV AC transmission lines and 11 UHV DC transmission lines during the Twelfth Five-Year Plan. By the end of 2014, one UHV AC transmission line was completed, one UHV AC transmission line was under construction, four DC transmission lines were completed, one DC transmission line was under construction, and two DC lines had obtained official approval from the NEA.

4. Wind Curtailment

The national average wind curtailment rate improved further due to government support, a greater emphasis on inland low-wind speed areas, and lower wind speed nationwide in 2014. The NEA reported that curtailment in 2014 decreased to 8% from 11% in 2013, while wind power utilization decreased by 181 hours compared to 2013, to 1,893 hours.

From the local perspective, there was no curtailment in southern low wind speed areas such as Zhejiang, Fujian, Sichuan and Yunnan. All of these four provinces' wind power utilization exceeded 2,200 hours in 2014. Yunnan wind utilization was especially strong at 2,511 hours. But in parts of the Three-North Region, curtailment exceeded 15% because of faster growth of newly connected capacity.

5. WTG Quality

During the reporting period, competition between WTG manufacturers was no longer solely based on price. Customers placed an increased emphasis on product quality and after-sales services. WTG price was no longer the primary criteria. Due to the expectation that the wind power feed-in tariff will be gradually lowered, wind operators and WTG manufacturers will increasingly focus on the efficiency and reliability of WTGs in order to offset a lower feed-in tariff for new projects.

Meanwhile, China has introduced requirements on WTG type arrival certification to discourage the use of lower quality wind turbine equipment. WTG manufacturers that are unable to get type certification will be unable to compete in the market and the quality of equipment used for new projects should improve accordingly. This should improve the operating stability and efficiency of China's wind farms.

II. BUSINESS REVIEW

In 2014, Goldwind focused on the following management priorities: lean management, cooperative collaboration, and quality optimization. Over the years, Goldwind has persistently focused on maximizing customer value, improving product research, and supporting a culture of innovation. During the reporting period, the Group worked diligently to fulfill accelerating demand for wind energy products and services. In addition to pursuing near-term growth, the Group continues to invest in the future, devoting time and resources to optimize our existing products and to develop new products and services that will deliver enhanced value to our customers.

For the financial year ended 31 December 2014, the Group's operating revenue was RMB 17,572.60 million, an increase of 44.08% YoY. Our gross profit was RMB 4,566.41 million, an increase of 86.06% YoY. Net profit was RMB 1,853.51 million, an increase of 327.43% YoY and net profit attributable to the parent company was RMB 1,829.68 million, an increase of 327.85% YoY.

i. WTG R&D, Manufacturing and Sales

As a leading global wind power manufacturer, Goldwind had made substantial progress toward technological innovation, lean management and strengthening our market position at home and abroad. Our company installed a prototype of an ultra-low wind speed 2.0MW that had been successfully connected to the grid. Once launched, this product should strengthen our position in the ultra-low speed market. Goldwind played a role in China's New Silk Road (“一带一路”) strategy by expanding its overseas footprint, which covers six continents.

1. Product Manufacturing and Sales

During the reporting period, the Group's revenue from sales of WTGs and components was RMB 15,703.57 million, an increase of 39.94% YoY. The Group realized external sales of 4,189.75MW, an increase of 43.33% YoY. The following table provides the details of our WTG sales volumes in 2014 and 2013:

Model	2014		2013		Change in Capacity Sold
	Unit Sold	Capacity Sold (MW)	Unit Sold	Capacity Sold (MW)	
2.5MW	253	632.50	260	650.00	-2.69%
1.5MW	2,366	3,549.00	1,508	2,262.00	56.90%
750kW	11	8.25	15	11.25	-26.67%
Total	2,630	4,189.75	1,783	2,923.25	43.33%

During the reporting period, Goldwind continued to invest in wind turbine R&D, with a focus on both product optimization and new product development. In 2014, Goldwind's GW93/1500 of high altitude WTG model and GW121/2500 of ultra-low wind speed WTG model both achieved large-scale installation and are performing well. During the year, the Group also implemented measures to effectively reduce costs and strengthen inventory management. As a result, our annual average gross profit margin for sales of WTGs in 2014 increased 4.28 percentage points YoY to 24.53% and our inventory turnover ratio was increased by 30.77% from a year earlier.

2. R&D and Certification

During the reporting period, our company strived to further improve our core competitiveness, strengthen our market position and respond vigorously to market trends. We developed and launched several specialized models suitable for emerging target markets to meet our customers' demands and strengthen our ability to compete in different regions.

(1) Product R&D

In order to meet growing demand for low-wind speed wind turbines, Goldwind used its Integrated Product Development (IPD) system and product platform framework to more efficiently develop the prototype GW115/2000 WTG model in 2014. This model has a rotor diameter of 115 meters and the largest swept area per kW of capacity of any WTG model currently available in the world.

Goldwind continued to invest in the R&D of large capacity WTG models in anticipation of future demand for larger capacity units, especially for offshore wind farms. We installed a prototype of our 6.0MW in Dafeng, Jiansu province, setting a new record for domestically-developed WTG capacity. In addition, a prototype of the GW121/3000, suitable for intertidal zone, coastal waters and lands, has been installed for testing.

Goldwind won several awards in R&D during 2014, including the grand prize for a “High-Power WTG Development and Demonstration Project”, awarded by the China Machinery Industry Federation. Our low-temperature GW109/2500 WTG model won the “National Strategic Innovative Product” awarded by the National Science and Technology Ministry for preventing wind and sand intrusion. These awards demonstrate Goldwind’s solid R&D and innovation capabilities.

In the 2014’s poll activities of “Optimal Land WTG” and “Optimal Offshore WTG” conducted by Wind Power Monthly which is one of the most authoritative magazines in wind power industry, Goldwind’s GW112/2500 model, GW82/1500 model and GW150/6000 ranked among the top ten models.

In April 2014, Goldwind connected its independently-developed Smart Micro-Grid to State Grid’s power grid in Beijing. Goldwind became the first enterprise in Beijing to sell surplus electricity that it had generated to the power grid, in accordance with the *Opinions about Completing Services Work for Distributed Power Connecting to Grid* (關於做好分布式電源並網服務工作的意見) introduced by State Grid. In March 2015, our second Smart Micro-Grid, located in Dafeng, Jiangsu Province, became the first Smart Micro-grid to be connected in Jiangsu Province. We use our own WTGs to generate electricity for both of these projects. The electricity output is managed by our internally-developed smart-grid software system and supplemented by other equipment such as energy storage and solar power. Our Smart Micro-Grid represents a leading position in the market, demonstrating the successful development and application of micro-grid technology in China.

(2) Certification Work

In addition to focusing on product optimization and development, Goldwind also pursued certification of its existing products. During the reporting period, we received several domestic and international industry certifications. The China General Certification Centre in Beijing awarded design approval and type certifications to several of our products, including GW115/2000, GW121/2500 and GW121/3000 (H) WTG models. Our GW109/2500 WTG model was granted the Third-Party Design Assessment Certification by Germany’s TÜV NORD. Our GW121/2500 WTG model successfully passed the design assessment by DNV-GL, making Goldwind the first domestic WTG manufacturing company to receive this certification.

In order to improve our overall competitiveness, particularly in overseas markets, Goldwind began to seek project certification. Our GW82/1500 and GW100/2500 WTG models in the Gullen Range Wind Farm in Australia successfully passed the site assessment by TÜV NORD, indicating that in addition to being well-suited for that terrain and environment, those products also meet the requirements of overseas markets and international customers.

(3) Industrial Standards and Patents

Goldwind looks forward to the establishment of national wind industry standards. By the end of the reporting period, the Group had participated in establishing 81 standards, including 35 national standards, 36 industrial standards, five association standards and five regional standards. We also participated in five research projects organized by the International Energy Agency on the topic of wind industry standards. We submitted 25 new industrial standards for approval during 2014 and obtained approval for 15 of those applications. Another 15 proposed standards received preliminary

approval and nine were finalized and published. By the end of 2014, Goldwind had participated in eight associations or standards committees including two governing directors' committees, one directors' committee, two deputy directors' committees and three member committees. Through collaboration and communication with these committees, we moved forward research on standards.

In 2014, Goldwind won 241 patents including 47 for software and 109 for inventions. As of 31 December 2014, we possessed 321 valid, authorized patents including 51 invention patents and 34 domestic trademarks.

3. Business Development

As a global leader in comprehensive wind power solutions, the Group views product quality and customer satisfaction as its key competitive advantages and pursues innovative product development for the future of the energy industry. During the reporting period, the Group stepped up its marketing efforts by integrating our domestic and international marketing practices. Our brand awareness has improved as a result.

At the end of 2014, the Group's accumulated installed capacity exceeded 24GW comprised of over 17,600 units of installed WTGs worldwide. That includes more than 12,300 units of 1.5MW and 900 units of 2.5MW DDPM WTGs.

The Chinese Wind Energy Association reported that the Group installed 4,434MW of new capacity in China during 2014, representing a domestic market share of 19%. This was the fourth consecutive year that Goldwind ranked first in China.

MAKE Consulting reported that Goldwind's global newly installed capacity for 2014 represented a global market share of 9.2%, the fourth largest in the world.

4. Quality Control

In 2014, the Group strengthened its quality control, by establishing the role of Chief Quality Officer and setting up a Quality Management Committee which analyses and predicts the Group's quality risk on a periodic and ad-hoc basis, allocates resources and aligns incentives to manage quality control issues. The Group has moved on from a reactive response to prevention management, cultivating a culture that values quality first. We encourage employees to pursue honesty and openness, undertake appropriate preventive measures, manage their own work, do things right the first time, and pursue excellence in every activity. The Group has released the *Goldwind Culture of Quality Construction Plan (2014-2018)*, and selected units to implement the plan on a trial basis, before rolling it out gradually to the rest of the Group.

The Group introduced a quality and credit evaluation for qualified suppliers in 2014. The evaluation considers the reliability of suppliers with regard to product quality and creditworthiness. In this way, Goldwind has encouraged suppliers to meet higher standards, improved their own quality management, thereby reducing the costs of supplier supervision. This process has achieved mutual benefits by improving our suppliers' management and supplementing Goldwind's quality control.

ii. Wind Power Services

Drawing on the Group's extensive experience in manufacturing and wind farm development and operations, Beijing Tianyuan offers comprehensive services that cover every stage of the wind farm life cycle, including pre-project consulting services, such as wind farm site selection and planning, WTG micro-siting and preliminary wind resource assessment, project development services, such as EPC, project management, wind farm construction and project financing services and wind farm operations services, such as wind farm operation and maintenance, component repairmen, spare parts, WTG optimization and wind farm performance analytics.

During the reporting period, Beijing Tianyuan passed the professional assessment of Germany's TÜV NORD, becoming the first Chinese company to pass such wind power operation, maintenance and service

ability assessment. In addition, Beijing Tianyuan has built more than 60 types of maintenance and detection platforms and detection laboratories, which have passed certification of spell out CNAS certification.

Meanwhile, the Group is aggressively expanding applications of new technologies to wind farm services, such as the Internet of Things, big data mining, and cloud computing. We seek to focus on every stage of the wind farm life cycle by mining the operations data of our connected capacity. In addition, we have established three platforms including a monitoring and warning platform, an operations management platform, and a fast response platform. These systems are integrated to enhance the wind power services that we offer, such as wind farm operation and maintenance, wind farm monitoring and warning, wind turbine failure forecast and preventative maintenance, WTG optimization, spare parts management, wind power technology training and wind farm operations review. We established an efficient remote service system, improving our service standards and creating new opportunities to expand the service market.

We cooperate closely with our customers to deliver tailor-made service solutions to meet their needs. This activity has deepened the strategic partnerships between wind farm developers, Beijing Tianyuan and suppliers, helping all parties to work together to find the best solutions, service knowledge and experience to drive the sustainable development of the wind industry.

During the reporting period, the Group's revenue from Wind Power Services was RMB 649.40 million, an increase of 10.08% YoY.

iii. Wind Farm Investment and Development

Through our highly efficient project development team, excellent project execution, and professional wind farm operations and maintenance services, wind farms developed by the Group's wind farm development subsidiary, Tianrun, have been recognized by the power grid operators for their superior technology and high quality. We have obtained approval for several distributed power projects across China, including Inner Mongolia, Xinjiang, Ningxia, Gansu, Hebei, Shanxi and the Northeast and Eastern regions.

At the end of the reporting period, the Group had 2,000MW of total domestic installed wind farm capacity, of which 1,522.42MW was attributable installed capacity. Tianrun also had 1,473.50MW of wind farm capacity under construction as of 31 December 2014, of which 1,453.70MW was attributable capacity.

In addition to Tianrun's wind farm capacity, the Group owns several projects overseas. During the reporting period, the Group has disposed part of assets of the wind farm project company in Australia with 124.13MW of the attributable installed capacity. As of 31 December 2014, the Group had 246MW of remaining overseas installed wind farm capacity, of which 121.74MW was attributable installed capacity.

During the reporting period, the Group's revenue from power generation was RMB1,169.02 million, an increase of 217.95% YoY. The gain on investment from sale of wind farms was RMB 333.15 million, an increase of 148.88% YoY.

iv. International Business

Goldwind is the largest manufacturer of direct-drive permanent magnet ("DDPM") wind turbine generators ("WTGs") in the world. Due to our powerful technology and the strength of both our domestic and global R&D centres, Goldwind is expanding into overseas markets. Building on China's energy system reform and contributing to China's New Silk Road ("一带一路") strategy, we have achieved considerable successes in the global wind power market during the reporting period.

Goldwind's first set of wind turbines installed at the Gullen Range Wind Farm ("GRWF") in New South Wales of Australia was connected to the electricity grid and began generating clean power at the beginning of 2014. GRWF is the Group's second wind farm project in Australia and the first wind farm project in Australia to use our 2.5MW DDPM WTGs. We installed 165.50MW of WTG capacity, including 56 units of our 2.5MW DDPM WTGs and 17 units of our 1.5MW DDPM WTGs.

In April 2014, Goldwind USA Inc., one of the Group's wholly-owned subsidiaries, entered into an agreement with InterEnergy Holdings to supply 86 units of our 2.5MW DDPM WTGs, equivalent to

215MW to a project in Panama. We will also provide long-term operations and maintenance service to this project. The project is the Group's biggest overseas WTG order to date. The wind farm will connect to Panama's national electricity grid, providing crucial diversification to Panama's energy mix.

In November 2014, Goldwind completed its first project in Pakistan with 33 units of 1.5MW high-temperature DDPM WTGs. The project has passed a 168-hour trial operation and fulfilled Pakistan's highly stringent technical requirements, reflecting the high performance of our WTGs. This project will help to relieve a shortage of power, improve the energy structure and promote economic and social sustainable development in Pakistan, which has both social and environmental benefits. The Group's WTGs and project team received accolades from both the project owner and the grid operator, establishing a positive reputation for Goldwind in the emerging market of Pakistan.

In December 2014, our Mireasa Project in Romania connected 20 units of 2.5MW WTGs to the national electricity grid of Romania. These were the first units of WTGs that were made in China and connected to Eastern Europe's electricity grid.

In December 2014, Goldwind International (HK) Co. Ltd. signed a framework agreement with the project investor of the Plandište project in Serbia. This project is the first wind farm in Serbia.

During the reporting period, the Group's revenue from international business was RMB 1,849.18million, an increase of 35.83% YoY.

v. Major Subsidiaries

As at 31 December 2014, the Company had 125 subsidiaries, which included 18 directly owned subsidiaries and 107 indirectly owned subsidiaries. In addition, we had eight joint ventures, 14 associated companies and held 13 unlisted equity investments categorised as available-for-sale investments. Such subsidiaries included R&D and manufacturing companies of WTG and components, wind farm investment and development companies, wind power service companies and etc. The following table sets out the key financial information of principal subsidiaries of the Company (reported in accordance with CASBE) and other information are set out in note 18 to the Financial Statements:

As at 31 December 2014						
Unit: RMB						
No.	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets	Revenue of Principal Businesses	Net Profits Attributable to the Company
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,000.00	4,088,263,382.22	1,325,040,183.24	2,931,963,057.04	23,009,341.50
2	Vensys Energy AG	€5 million	921,794,502.60	586,013,228.43	989,854,647.36	36,226,459.08
3	Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd.	8,860.00	1,051,537,581.30	169,636,025.47	446,549,225.76	(11,190,114.68)
4	Jiangsu Goldwind Technology Co., Ltd.	75,961.00	1,632,039,859.92	951,376,023.48	2,233,247,299.65	106,735,747.92
5	Beijing Techwin Electric Co., Ltd.	10,000.00	1,297,685,324.21	488,218,759.29	2,538,248,012.08	191,109,662.46
6	Beijing Tianrun New Energy Investment Co., Ltd.	420,000.00	13,957,532,179.15	4,927,521,189.03	1,019,719,607.14	271,952,777.63
7	Goldwind Investment Holding Co., Ltd.	100,000.00	1,203,927,099.07	1,134,972,456.01	1,512,841.00	77,775,020.33
8	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.	20,000.00	1,994,406,020.11	288,682,189.68	1,308,590,495.15	16,051,841.18
9	Beijing Tianxin International Finance Lease Co., Ltd.	\$30 million	1,302,443,887.87	247,792,970.88	50,247,663.70	43,003,045.53

v. Use of 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, 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 2014, the accumulated used proceeds were the equivalent of RMB6.014 billion in HKD and the unused proceeds were the equivalent of RMB0.74 billion in HKD. The use of the Company's H Share proceeds is as follows:

As at 31 December 2014
Unit: RMB million

Proceed Projects	Planned Investment	Actual Investment	Unused Amount
Construction of production base and optimisation of business operations	2,715	2,512	203
R&D of WTGs and components	986	464	522
International business	1,972	1,957	15
Bank loan repayment	411	411	–
General working capital	670	670	–
Total	6,754	6,014	740

III. 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 announcement.

Summary

For the financial year ended 31 December 2014, revenue from operations for the Group was RMB17,572.60 million, representing an increase of 44.08% compared with RMB12,196.24 million for the financial year ended 31 December 2013. Net profit attributable to owners of the Company was RMB1,829.68 million, representing an increase of 327.85% compared with RMB427.65 million for the financial year ended 31 December 2013. The Group reported basic earnings per share of RMB0.68.

Revenue

The Group's revenue was generated from WTG Manufacturing, Wind Power Services, Wind Farm Investment and Development and etc. 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 and Development was mainly generated from the sale of power produced by our operating wind farms. Revenue from other segment was mainly generated through the revenue from finance lease and water treatment.

For the financial year ended 31 December 2014, revenue from operations for the Group was RMB17,572.60 million, representing an increase of 44.08% compared with RMB12,196.24 million for the financial year ended 31 December 2013. Details are set out below:

Unit: RMB thousand

	Year ended 31 December		Amount Change	Percentage Change
	2014	2013		
WTG Manufacturing	15,703,571	11,221,663	4,481,908	39.94%
Wind Power Services	649,403	589,955	59,448	10.08%
Wind Farm Investment and Development	1,169,021	367,671	801,350	217.95%
Other	50,606	16,951	33,655	198.54%

Total	17,572,601	12,196,240	5,376,361	44.08%
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The Group's revenue from operations increased mainly due to: (i) recovery for China's wind power industry in 2014, improvement in wind power consumption and cash flow of the electric power companies, plans of developers to invest more wind power capacity and influence on the adjustment of feed-in tariff which accelerated the development of wind farm in the second half of 2014 resulting in significantly increased sales of our WTGs and components; and (ii) increase in the numbers of operating wind farms which led to increased sales of power produced by our operating wind farms.

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
	2014	2013		
Raw materials and components	13,258,502	8,858,621	4,399,881	49.67%
Labour	160,403	139,945	20,458	14.62%
Depreciation and amortisation	349,906	160,943	188,963	117.41%
Other production costs	716,583	666,353	50,230	7.54%
Changes in inventories and transferred assets	(1,479,200)	(83,899)	(1,395,301)	-1,663.07%
Total	13,006,194	9,741,963	3,264,231	33.51%

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
	2014	2013		
WTG Manufacturing	12,022,635	9,054,962	2,967,673	32.77%
Wind Power Services	574,399	548,069	26,330	4.80%
Wind Farm Investment and Development	408,168	138,932	269,236	193.79%
other	992	-	992	
Total	13,006,194	9,741,963	3,264,231	33.51%

The Group's cost of sales increased mainly due to increased operation revenue in 2014.

Gross Profit

	Unit: RMB thousand			
	Year ended 31 December		Amount Change	Percentage Change
	2014	2013		

WTG Manufacturing	3,680,936	2,166,701	1,514,235	69.89%
Wind Power Services	75,004	41,886	33,118	79.07%
Wind Farm Investment and Development	760,853	228,739	532,114	232.63%
other	49,614	16,951	32,663	192.69%
Total	4,566,407	2,454,277	2,112,130	86.06%

The Group's gross profit increased was derived primarily from WTG Manufacturing and Wind Farm Investment and Development.

For the financial years ended 31 December 2013 and 2014, the Group's comprehensive gross profit margins were 20.12% and 25.99%, respectively, and the gross profit margins for WTG Manufacturing were 19.31% and 23.44%, 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		Change (percentage points)
	2014	2013	
2.5MW	22.26%	20.47%	1.79
1.5MW	25.12%	20.19%	4.93
750kW	25.06%	16.36%	8.70

The Group's 1.5MW WTG continued to be our main product, representing 79.28% of our revenue from sales of whole WTGs in 2014.

For the financial year ended 31 December 2014, the gross profit margin for the Group's 1.5MW increased by 4.93 percentage points YoY, mainly due to lean management and cost control implemented throughout the Group.

For the financial year ended 31 December 2014, the gross profit margin for the Group's 2.5MW increased by 1.79 percentage points YoY, mainly due to progressive realization of 2.5MW WTG's mass production and cost control which led to decreased production costs YoY.

Other Income and Gains

The Group's other income and gains primarily consisted of gains from the sale of wind farms from Wind Farm Investment (including previously unrealised gains resulting from the sale of wind power equipment installed in these 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 2014 was RMB793.82 million, representing an 89.45% increase from RMB419.02 million for the financial year ended 31 December 2013. This was mainly attributed to gains on disposals of wind farm project companies.

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 2014 was RMB1,464.53 million, representing a 21.80% increase from RMB1,202.41 million for the financial year ended 31 December 2013. This was mainly attributed to increased sales of WTGs which led to increased product warranty provisions.

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 2014 was RMB1,191.19 million, representing a 41.95% increase from RMB839.15 million for the financial year ended 31 December 2013. This was mainly attributed to increased labour costs associated with expanded business scope and R&D input for

enhancing core competitiveness and consolidating the dominant position.

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 2014 was RMB98.57 million, representing a 36.19% decrease from RMB154.48 million for the financial year ended 31 December 2013. This was mainly attributed to the improved asset quality which led to decreased provisions for assets impairment.

Finance Costs

Finance costs of the Group for the financial year ended 31 December 2014 was RMB584.29 million, representing a 82.70% increase from RMB319.81 million for the financial year ended 31 December 2013. This was mainly attributed to the increased completed wind farms which led to interest payments for associated project bank loans re-categorised as interest expense rather than capital expenditure.

Income Tax Expense

Income tax expense of the Group for the financial year ended 31 December 2014 was RMB255.47 million, representing a 255.26% increase from RMB71.91 million for the financial year ended 31 December 2013. This was mainly attributed to increased profit before tax associated with increased sales performance.

Capital Expenditures

Capital expenditures of the Group for the financial year ended 31 December 2014 was RMB2,547.20 million, representing a 57.02% decrease from RMB5,926.61 million for the financial year ended 31 December 2013. 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	
	2014	2013
Net cash flows from operating activities	2,829,384	1,930,049
Net cash flows (used in) investing activities	(1,674,741)	(6,077,237)
Net cash flows from financing activities	4,134,920	1,838,836
Net increase/ (decrease) in cash and cash equivalents	5,289,563	(2,308,352)
Cash and cash equivalents at beginning of year	4,276,301	6,604,328
Effect of foreign exchange rate changes, net	(42,038)	(19,675)
Cash and cash equivalents at end of year	9,523,826	4,276,301

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 2014 was RMB2,829.38 million. Cash inflows were principally comprised of profit before tax of RMB2,108.99 million, adjusted for a RMB584.29 million increase in finance costs, a RMB4,120.43 million increase in trade and bills payables and other payables and accruals (due to the Group paying expenses through bills payable more at the end of the year in order to increase cash flow), and a RMB500.18 million increase in provision. These cash inflows were offset by a RMB2,095.30 million increase in trade and bills receivables and a RMB1,246.36 million increase in prepayments, deposits and other receivables.

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.

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 2014 was RMB1,674.74 million. Cash outflows were principally comprised of purchases of items of property, plant and equipment of RMB2,312.60 million, and purchases of other intangible assets of RMB376.24 million and purchase of other long term assets of RMB87.82 million. These cash outflows were offset by a RMB851.96 million inflow from disposal of a business and subsidiaries, and a RMB190.35 million inflow from dividend received from joint ventures and associates.

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.

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

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

Net cash flows from financing activities of the Group for the financial year ended 31 December 2014 was RMB4,134.92 million. Cash inflows were principally comprised of new bank loans of RMB6,367.45 million. These cash inflows were offset by RMB1,344.98 million in repayment of bank loans, RMB 646.11 million in interest paid, and RMB 215.57 million in 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.

Financial Position

As at 31 December 2014 and 2013, the Group's total assets were RMB45,777.33 million and RMB35,344.85 million, respectively, current assets were RMB28,094.89 million and RMB20,268.01 million, respectively, percentage of current assets to total assets were 61.37% and 57.34%, respectively, and non-current assets were RMB17,682.44 million and RMB15,076.84 million, respectively.

As at 31 December 2014 and 2013, the Group's total liabilities were RMB30,550.32 million and RMB21,551.91 million, respectively, current liabilities were RMB22,319.76 million and RMB12,513.00 million, respectively, and non-current liabilities were RMB8,230.56 million and RMB9,038.91million, respectively.

As at 31 December 2014 and 2013, the Group's net current assets were RMB5,775.13 million and RMB7,755.01 million, respectively, and net assets were RMB15,227.01 million and RMB13,792.94 million, respectively.

As at 31 December 2014 and 2013, the Group's cash and cash equivalents were RMB9,523.83 million and RMB4,276.30 million, respectively, and interest-bearing bank loans and other borrowing were RMB11,880.45 million and RMB7,964.80 million, respectively.

Interest-bearing Bank Loans and Other Borrowing

As at 31 December 2014, the amount of the Group's interest-bearing bank loans was RMB8,882.03 million, including bank loans repayable within one year of RMB2,859.28 million, in the second year of RMB386.82 million, in the third to fifth year of RMB1,643.58 million, and above five years of RMB3,992.35 million. In addition, as at 31 December 2014, the Group's outstanding amount of corporate bonds was RMB2,998.42 million.

Capitalisation of Interest

As at 31 December 2014, the Group's interest expenses capitalised in accordance with IFRSs to property, plant and equipment was RMB100.90 million.

Reserves

As at 31 December 2014, the Company's reserves distributable to shareholders was RMB1,287.44 million. This was the lower figure calculated in accordance with CASBE and IFRSs.

Restricted Assets

As at 31 December 2014, certain assets of the Group with a total carrying value of RMB9,116.05 million were pledged as security for certain bank loans and other banking facilities. Such assets included bank deposits of RMB887.03 million, trade and bills receivables of RMB1,557.18 million, property, plant and equipment of RMB6,600.37 million, and prepaid land lease payments of RMB71.47 million.

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.

Gearing Ratio

As at 31 December 2014, the Group's gearing ratios were 53.70%, representing an increase of 1.60% compared with 52.10% as at 31 December 2013.

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 jointly-controlled entity and third party, and compensation arrangements.

As at 31 December 2014, the Group's contingent liabilities were RMB10,322.02 million, representing an increase of RMB2,783.91 million compared with RMB7,538.11 million as at 31 December 2013.

IV. OUTLOOK FOR 2015

i. Industry Outlook

1. Industry Overview

Within the context of energy system reform, China approved a series of policy measures, including industrial structural reform, support for renewable energies, and energy conservation measures. As suggested in the *Government Work Report* issued during the most recent National People's Congress, measures related to energy conservation, emissions reduction and environmental management should be well executed, while adjustments to energy production and consumption are critical to national development and public health. Sources of renewable energy, such as wind power and solar power, should be encouraged as the backbone of sustainable economic development. Energy conservation and environmental protection have great potential, and this industry should become an emerging pillar of China's economy.

In September 2014, the NDRC issued *the Notification on Publishing the National Planning of Tackling Climate Change (2014-2020)*. The NDRC proposed optimizing the energy structure, accelerating the development of low-carbon energy sources, and promoting wind power. Specifically, the notification proposed speeding up the construction of eight multi-GW-class wind power bases in Northeast China, North China, Northwest China and the coastal area, establishing small and medium inland wind power projects and offshore wind power projects, and strengthening the construction of related grid connection projects. By 2020, grid-connected wind power generating capacity is targeted to reach 200 GW, carbon dioxide emission per unit GDP should be reduced by 40% to 45% compared to 2005, and non-fossil energy will account for about 15% of primary energy consumption. In general, industrial structure and energy structure will be further improved.

During the reporting period, NDRC advanced policy research related to its *Assessment Method of Renewable Energy Quota Management* (可再生能源配額管理考核辦法) (often referred to as “the Method”). In the discussion draft of the Method, renewable energy sources are defined mainly as wind power, solar power and biomass energy. Basic and stretch targets for consumption of renewable power, or quotas, will be established for six regions to be met in 2015, 2017 and 2020. The Method also stipulates that provincial governments and power grid enterprises should share the responsibilities of meeting the quotas. Once this policy is finalized and implemented, provinces will be required to consume more renewable power, encouraging the mid- to long-term development of the wind power industry.

In its publication of *Global Wind Energy Outlook 2014*, the Global Wind Energy Council (“GWEC”) forecasts China’s wind industry will continue to grow such that total installed capacity will reach 143GW by 2016, 217GW by 2020, and 414GW by 2030. Based on this forecast, GWEC estimates that by 2020, annual investment in the Chinese wind power market will increase to 24 billion Euro, and the wind industry could employ 319,000 persons.

2. Market Development

During 2015, the wind power industry continues to strengthen. China has established a mature policy framework for wind power industry. In 2014, curtailment of wind power was improved to some extent, due to strengthening of the related infrastructure and slower wind speeds. The amount of newly approved wind farm capacity and public tenders for wind turbine equipment also increased markedly.

Technological development has encouraged some segmentation of the wind equipment market. Low-wind speed wind turbine units are in particularly high demand from wind power developers. In South China, where power curtailment is not a significant problem, the government encourages wind power development through an approval scheme. As a result, demand for low-wind speed 1.5MW wind turbines, which are most suitable for this area, has increased.

Developers place increasing value on the performance and quality of wind turbines, which has caused a shift in the competitive landscape. Performance and quality have replaced price as the most important factors to win competitive bids. The price of wind power units increased slightly during 2014, without any negative effect on market demand. Moreover, developers have enhanced their operations and management of wind farms. Technologies, processes and management practices are being improved constantly. As a result, the technological and managerial capabilities of the wind power industry are advancing step by step.

We believe the demand for wind farm operations and management services is on the rise in China, where over 10,000 wind turbines are installed every year, and about 100,000 wind turbines are currently operating. Some of those units were installed many years ago, and their warranty periods have expired. At present, developers and manufacturers conduct most of the maintenance and repairs for these units. However, a few-third party operating & maintenance companies have emerged. Large-scale and professional wind power operating maintenance is an emerging industry trend.

ii. Corporate Strategy

The Company is dedicated to becoming an international provider of integrated clean energy, energy conservation solutions and environmental protection solutions. Our experience in the wind industry has presented us with both opportunities and challenges, which have guided the Company's developmental direction, business structure, collaborative relationships, and administration. The Company will continue to focus its advantages in the R&D, manufacturing, sales and service of wind power equipment and facilities, and at the same time also expand along the wind power value chain to provide customers with integrated power solutions including wind power facility manufacturing, smart energy service and clean power, etc. Goldwind will continue to pursue its strategy of raising the standard for its technology, competitive advantages, talent, and capital management practices to meet or exceed international norms in an effort to transform the Company a global industry leader. Using our experience in the wind power industry as a foundation, the Company will diversify by exploring other clean energy and environmental protection businesses, developing new technologies and commercial opportunities in wind-solar power generation, expanding our smart microgrid business, and looking for other means to pursue environmental protection and energy conservation. The Company can leverage its existing strength to cultivate new business opportunities in power electronics and energy solutions. We aim to lead future wind and solar power development, and to encourage its sustainable development.

iii. Operations Plan and Major Targets

1. Investing in new technologies

In 2015, the Company will invest more time and resources in R&D. We will improve our product development framework, which considers existing products, products nearing commercial launch and products under development. R&D resources should be coordinated among different technologies, products and R&D staff in order to establish an open R&D platform. The application of innovative technologies should be encouraged to encourage their incorporation into regular use.

2. Improving product quality

We will continue to improve our quality assessment system with a focus on customer value and customer experience. We will also work with our industrial supply chain to ensure that suppliers' technologies, management capabilities and product quality improve together with the Company. Through modern supply chain management and manufacturing processes, we will seek to reduce purchasing and logistics costs during the whole life cycle.

3. Focusing on value-added services

We will adjust our internal business practices to better meet customer demand and emphasize practices which add value to our customers. For example, we plan to establish the smart wind power plant management service platform. We will continue to commercialize other value-added services. In 2015, we believe the market should be more open to wind power services, and we expect that it will become one of our pillar businesses.

4. Promoting lean management

In 2015, the Company will continue to pursue lean management practices in order to improve the quality of product, service and work, raise efficiency and eliminate inefficient processes.

5. Reinforcing basic financial management

The Company will seek an optimal capital structure, improve capital turnover, strengthen cost accounting, and establish realistic objectives, and track their implementation.

v. Potential Risk Factors

1. Competition

In 2014, the Chinese wind power industry grew quickly, and market concentration was strengthened. Domestic market shares of the top five wind power manufacturers remained stable at just over half of the market. In addition to quality, factors such as a product's historical data, after-market services and industry position gained importance in competition. On the other hand, many wind power companies that had been unprofitable during the downturn regained profitability. Curtailment of wind power improved. Thanks to a favorable policy environment and business conditions, construction of wind power projects and related facilities accelerated. Manufacturing technologies improved along with industry development, and market competition was intense. Although the Company's market share may have been affected by the above factors in the near-term, we still believe that our core competitive advantage is our ability to offer higher quality products and professional services to our customers, which in the long-run may improve our market position.

2. Connection and Consumption

During the reporting period, although the quantity of wind power that was consumed in China increased, wind power curtailment is still a problem in some areas. There are both technical issues and supply-demand imbalances. On the technical side, the industry faces inadequate regulation of wind and power frequency and an unstable power grid. On the supply-demand side, a lack of local demand for power means not all available wind energy cannot be used in some areas. Furthermore, the rush to install new capacity before the FIT adjustment may cause more curtailment in the short-term.

3. Downward Pressure on the Feed-In Tariff for Wind Energy

According to the *Notification on Appropriate Adjustment of Onshore Wind Power Pricing Policy* issued by the NDRC (關於適當調整陸上風電價格政策的通知), the feed-in tariff for Tier 1, 2 and 3 wind resources zones will be cut appropriately. This means that after years of subsidy, the wind power has started to realize the goal of connecting to the grid with a fair price.

China is one of the world's largest users of wind energy. China's installed wind power capacity and wind energy production have surpassed those of nuclear power in China. As such, wind power has become China's third largest power source, after thermal power and hydroelectric power. In order for wind power to become cost competitive with thermal power, the wind power feed-in tariff may be reduced further in the future.

V. CORE COMPETITIVE ADVANTAGES

i. Market Position

Goldwind is the longest-established WTG manufacturers in China. After more than fifteen 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.

ii. Products and Technology

Goldwind's DDPM WTGs are known for their superior performance that include high efficiency, low operations and maintenance costs, grid-friendly features, and high availability. 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 diverse demands of our customers. We are preparing our 6.0MW DDPM WTG model for the growing offshore market. The

development and marketing of these products have secured our market coverage. We currently have a substantial backlog of orders, providing enhanced revenue visibility and demonstrating that the market recognizes the superior quality of our products and services.

iii. Brand Awareness

After several years of brand development, Goldwind has successfully established our brand and continued to improve awareness of 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.

iv. Comprehensive Wind Power Solutions

Goldwind continued to consolidate its position as a leading comprehensive wind power solutions provider through our advanced technology, products, and our extensive experience in wind farm development, operations, and maintenance. In addition to our sales of WTGs, we continued to expand alternative sources of profit such as wind farm development and sales and wind power services. Over the past few years, these businesses have become highly profitable and an important complement to our core business. We successfully overcame the challenges posed by the market, strengthened our overall competitiveness, and improved our diversified competitive advantages.

v. Internationalisation

Goldwind was one of China's first wind power manufacturers to expand overseas and we have continued to pursue our internationalisation strategy. Through our principle of "internationalisation through localisation", we achieved several breakthroughs in 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 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.

ESTIMATED OPERATING RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

Range of net profits attributable to owners of the Company for the three months ended 31 March 2015	350%	to	400%
Range of net profits attributable to owners of the Company for the three months ended 31 March 2015 (RMB million)	228.61	to	254.01
Net profits attributable to owners of the Company for the three months ended 31 March 2014 (RMB million)	50.80		
Reasons for increase/decrease	Mainly due to the deliveries for 2015 were pushed forward resulting in an increase in wind turbine sales. In addition, the Group's installed wind farm capacity increased year-over-year resulting in higher electricity sales.		

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.4 per share (including tax) from the Company's retained distributable profit for the financial year ended 31 December 2014. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2014 in accordance with the provisions of the Articles, and will be implemented thereafter. Information regarding the date of the AGM for the year of 2014, distribution of final dividend, and the relevant record dates and book close dates will be announced in due course.

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 the Company's Corporate Governance Report for the year ended 31 December 2014, which is to be included in its annual report for the same year.

The Company has fully complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

On 2 September 2014, the Company entered into (i) a subscription agreement with each of eight Senior Management in respect of subscription for a total of 4,250,000 New A Shares; and (ii) two subscription agreements with Shanghai Haitong Securities Asset Management Co., Ltd in respect of subscription for a total of 36,703,000 New A Shares by it for Haitong - Goldwind Asset Management Plan I and Haitong - Goldwind Asset Management Plan II. Details of these Subscription Agreements and the transactions contemplated thereunder have been disclosed in the Company's announcement dated 2 September 2014. The subscriptions have been approved by the Shareholders at the general meeting and class meetings held on 11 November 2014 but yet completed pending the approval of the China Securities Regulatory Commission.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2014.

REVIEW OF 2014 ANNUAL RESULTS

The Audit Committee of the Company has reviewed and approved the 2014 Annual Results of the Company.

Definitions

In this announcement, 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 <i>Articles of Association</i> of the Company, as amended, modified or otherwise supplemented from time to time;
“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 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;
“CASBE”	<i>China Accounting Standards for Business Enterprises</i> ;
“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 announcement to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“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;
“Corporate Governance Code”	<i>Corporate Governance Code</i> and <i>Corporate Governance Report</i> , as set out in Appendix 14 of the Listing Rules;
“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;
“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 2014, 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;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IFRSs”	<i>International Financial Reporting Standards</i> ;
“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;
“Listing Rules”	<i>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> ;
“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;
“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;
“SZSE”	Shenzhen Stock Exchange;
“Three-North region”	China’s Three-North region, which includes northeast, northwest and northern China;

“Wind Farm Investment and Development”	the Group’s Wind Farm Investment and Development 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;
“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 announcement, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

By order of the Board
Xinjiang Goldwind Science & Technology Co., Ltd.
Ma Jinru
Company Secretary

Beijing, 27 March 2015

As at the date of this announcement, the Company’s executive directors are Mr. Wu Gang, Mr. Wang Haibo and Mr. Cao Zhigang; non-executive directors are Mr. Li Ying, Ms. Hu Yang and Mr. Yu Shengjun; and independent non-executive directors are Dr. Tin Yau Kelvin Wong, Mr. Yang Xiaosheng and Mr. Luo Zhenbang.