GOLDWIND

新疆金风科技股份有限公司

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.*

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

Stock Code: 2208

Innovating for a Brighter Tomorrow

ANNUAL REPORT **2014**

* For identification purpose only

Company Profile

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

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

By the end of 2014, Goldwind's accumulated installed capacity had exceeded 24GW with 17,600 units of installed WTGs distributed across six continents. Goldwind's domestic newly installed capacity of 4,434MW in 2014 represented a domestic market share of 19.12% and was ranked first in China. Our global newly installed capacity during the year represented a global market share of 9.2% and was ranked fourth in the world.

Contents

Definitions

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

"A Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
" A Shareholders"	the holders of the A Shares;
"AC"	alternating current, being electricity that changes direction periodically;
"AGM"	annual general meeting of the Company;
"Articles"	the Articles of Association of the Company, as amended, modified or otherwise supplemented from time to time;
"associate"	has the meaning as ascribed in the Listing Rules;
"attributable capacity"	represents the capacity attributed to the Group calculated by multiplying the Group's percentage ownership in a power project by the total capacity of such power project;
"availability rate"	a percentage calculated by dividing the amount of time for that a WTG is not experiencing technical defaults over a certain period by the amount of time in such period;
"Beijing Tianrun"	Beijing Tianrun New Energy Investment Co., Ltd.(北京天潤新能投資有限公司), a company incorporated under the laws of the PRC on 11 April 2007 and a wholly owned subsidiary of the Company;
"Beijing Tianyuan"	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.(北京天源科創風電技術有限責任公司), a company incorporated under the laws of the PRC on 29 September 2005 and a wholly owned subsidiary of the Company;
"Board"	the board of directors of the Company;
"Board Committees"	specialised committees of the Board established by the Board and include members of the Board, namely the Audit Committee, Nomination Committee, Remuneration and Assessment Committee, and Strategic Committee;
"CASBE"	China Accounting Standards for Business Enterprises;
"CEO"	the chief executive officer of the Company;
"Chairman"	the chairman of the Board;
"chief executive"	has the meaning as ascribed in the Listing Rules;

"China" or "PRC"	the People's Republic of China. References in this annual report to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"China Three Gorges"	China Three Gorges Corporation (中國長江三峽集團公司), a company incorporated under the laws of the PRC and the parent company of China Three Gorges New Energy;
"China Three Gorges New Energy"	China Three Gorges New Energy Corporation (中國三峽新能源公司), a company incorporated under the laws of the PRC, a wholly-owned subsidiary of China Three Gorges, and a substantial shareholder of the Company;
"Company"	Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司), a joint stock limited liability company incorporated in the PRC on 26 March 2001;
"connected person"	has the meaning as ascribed in the Listing Rules;
"Connected Persons Group"	a group of connected persons of the Company comprising China Three Gorges New Energy, Xinjiang Wind Power, and their respective associates;
"Corporate Bonds"	the 3-year corporate bonds issued by the Company on 27 February 2012 with an aggregate principal amount of RMB3 billion and with a coupon rate of 6.63%;
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report, as set out in Appendix 14 of the Listing Rules;
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會);
"DC"	direct current, being electricity that flows in one direction through the conductor;
"DDPM"	direct-drive permanent magnet, a technology that combines a) a drive-train concept in which the need for a gearbox is eliminated and the turbine rotor directly drives the generator rotor; and b) a synchronous generator in which permanent magnet is used on the generator;
"Directors"	the directors of the Company;
"EGM"	extraordinary general meeting of the Company;
"EPC"	Engineering, Procurement and Construction, a construction arrangement where a company that is contracted to construct the project will be responsible for the design, procurement and construction of such project, and will deliver such project to the owner after completion of the project construction and passing of the final acceptance inspection;

Definitions

"Financial Statements"	the audited consolidated financial statements of the Group for the financial year ended 31 December 2014, prepared in accordance with IFRSs;
"Fixed Price Period"	the 20 trading days period ending on the date immediately preceding 3 September 2014 (excluding 3 September 2014);
"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;
"H Shareholders"	the holders of the H Shares;
"Haitong Asset Management"	Shanghai Haitong Securities Asset Management Co., Ltd（上海海通證券資產管理有限公司）;
"Haitong-Goldwind Asset Management Plan I"	a plan established and managed by Haitong Asset Management pursuant to the agreements between Haitong Asset Management and certain members of senior management and employees of the Group in relation to the subscription by it of 17,140,000 New A Shares of the Company;
"Haitong-Goldwind Asset Management Plan II"	a plan established and managed by Haitong Asset Management pursuant to the agreements between Haitong Asset Management and certain members of senior management and employees of the Group in relation to the subscription by it of 19,563,000 New A Shares from the Company;
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"IFRSs"	International Financial Reporting Standards;
"independent shareholders"	has the meaning as ascribed in the Listing Rules;
"Individual Subscribers"	Mr. Wang Haibo, Mr. Cao Zhigang, Mr. Wu Kai, Mr. Huo Changbao, Ms. Ma Jinru, Mr. Liu Wei, Mr. Zhou Yunzhi and Mr. Yang Hua;

"kV"	kilovolt, a unit of potential difference between two terminals, 1kV equals 1,000 volts;
"kW"	kilowatt, a unit of power, 1kW equals 1,000 watts;
"kWh"	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
"Latest Practicable Date"	27 March 2015, being the latest practicable date prior to printing this annual report for ascertaining certain information contained in this report;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
"MW"	megawatt, a unit of power, 1MW equals 1,000kW;
"NEA"	National Energy Administration of the PRC（中國國家能源局）;
"New A Shares"	an aggregate of 40,953,000 new A Shares to be subscribed for by the Subscribers and issued by the Company pursuant to the Subscription Agreements;
"NDRC"	National Development and Reform Commission of the PRC（中國國家發展和改革委員會）;
"President"	the president of the Company;
"R&D"	research and development;
"RMB"	Renminbi, the lawful currency of the PRC;
"Senior Management"	the members of the senior management of the Company, their profiles as at 31 December 2014 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;

Definitions

"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;
"Subscribers"	the Individual Subscribers and Haitong Asset Management;
"Subscription"	subscription of the New A Shares by the Subscribers pursuant to the Subscription Agreements;
"Subscription Agreement"	the subscription agreement dated 2 September 2014 entered into between the Company and each of the Subscribers, collectively, the Subscription Agreements;
"Subscription Prices"	the subscription price of RMB8.87 per New A Share;
"subsidiary"	has the meaning as ascribed in the Listing Rules;
"Supervisors"	the supervisors of the Company;
"Supervisory Committee"	the supervisory committee of the Company;
"SZSE"	Shenzhen Stock Exchange;
"Three-North region"	China's Three-North region, which includes northeast, northwest and northern China;
"Vice Chairman"	the vice chairman of the Board;
"Wind Farm Investment and Development"	the Group's Wind Farm Investment and Development segment, one of the three primary business segments of the Group;
"Wind Power Services"	the Group's Wind Power Services business segment, one of the three primary business segments of the Group;
"WTG"	wind turbine generator;
"WTG Manufacturing"	the Group's WTG R&D, Manufacturing and Sales business segment, the core business of the Group and one of the three primary business segments of the Group;
"Xinjiang"	the Xinjiang Uyghur Autonomous Region of the PRC;

"Xinjiang Wind Power"	Xinjiang Wind Power Co., Ltd. (新疆風能有限責任公司), a state-owned enterprise incorporated under the laws of the PRC and a substantial shareholder of the Company;
"XJ New Wind"	Xinjiang New Wind Kegongmao Co., Ltd. (新疆新風科工貿有限責任公司), a company incorporated under the laws of the PRC on 17 February 1998 and the predecessor of the Company;
"YoY"	year-over-year, a method of evaluating two or more measured events to compare the results at one time period with those from another time period on an annualised basis; and
"%"	percent, in this annual report, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

Corporate Information

BOARD OF DIRECTORS

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

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

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

SUPERVISORS

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

COMPANY SECRETARY

Ms. Ma Jinru

AUTHORISED REPRESENTATIVES

Mr. Wu Gang
Ms. Ma Jinru

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION AND ASSESSMENT COMMITTEE

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

STRATEGIC COMMITTEE

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

PLACE OF BUSINESS

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

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

LEGAL COUNSEL

Morrison & Foerster

AUDITORS

International Auditor
Ernst & Young

PRC Auditor
Ernst & Young Hua Ming LLP

LISTING PLACES

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

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

SHARE REGISTRARS

H Shares:
Computershare Hong Kong Investor Services Limited

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

PRINCIPAL BANKERS

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

COMPANY WEBSITE

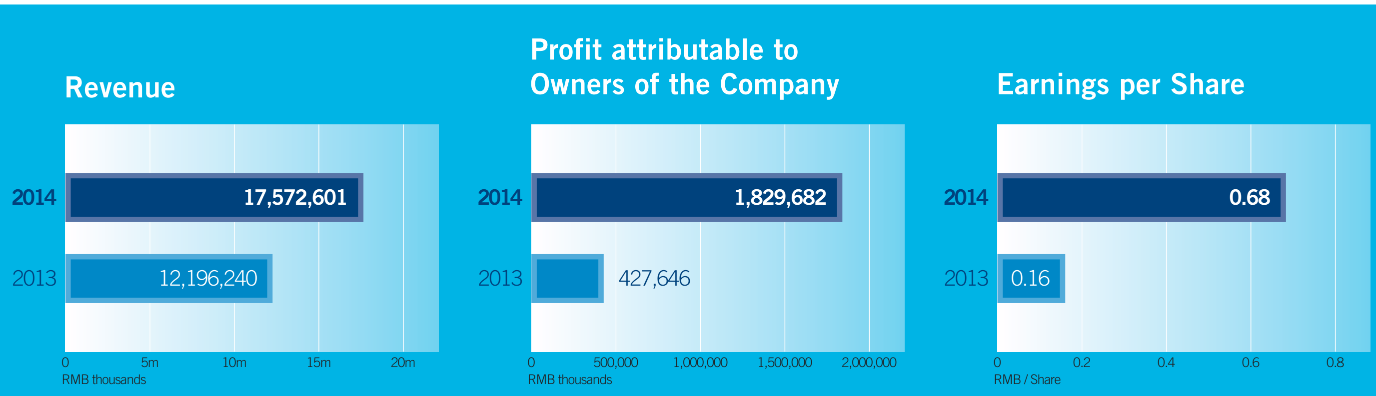
www.goldwindglobal.com

Financial Highlights

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Except share data, all amounts in RMB thousands)

	Year ended 31 December 2014	2013	Percentage Change
REVENUE	17,572,601	12,196,240	44.08%
PROFIT BEFORE TAX	2,108,986	505,550	317.17%
Income tax expense	(255,473)	(71,914)	255.25%
PROFIT FOR THE YEAR	1,853,513	433,636	327.44%
Profit attributable to:			
Owners of the Company	1,829,682	427,646	327.85%
Non-controlling interests	23,831	5,990	297.85%
OTHER COMPREHENSIVE INCOME, NET OF TAX	(183,665)	184,072	-199.78%
TOTAL COMPREHENSIVE INCOME	1,669,848	617,708	170.35%
EARNINGS PER SHARE:			
Basic and diluted (RMB/share)	0.68	0.16	325.00%



SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands)

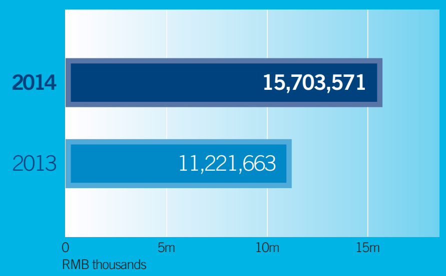
	Year ended 31 December 2014	2013
Net cash flows from operating activities	2,829,384	1,930,049
Net cash flows from investment activities	(1,674,741)	(6,077,237)
Net cash flows from financing activities	4,134,920	1,838,836
Net increase/(decrease) in cash and cash equivalents	5,289,563	(2,308,352)

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

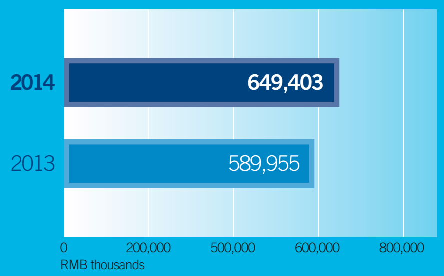
(All amounts in RMB thousands)

	As at 31 December 2014	2013	Percentage Change
Total assets	45,777,326	35,344,849	29.52%
Total liabilities	(30,550,317)	(21,551,913)	41.75%
NET ASSETS	15,227,009	13,792,936	10.40%
Equity attributable to owners of the Company	14,767,789	13,367,526	10.48%
Non-controlling interests	459,220	425,410	7.95%

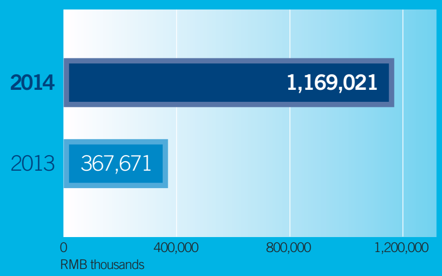
WTG Manufacturing



Wind Power Services



Wind Farm Investment, Development and Sales



SUMMARY OF SEGMENT REVENUE

(All amounts in RMB thousands)

	Year ended 31 December 2014	2013	Percentage Change
WTG Manufacturing	15,703,571	11,221,663	39.94%
Wind Power Services	649,403	589,955	10.08%
Wind Farm Investment and Development	1,169,021	367,671	217.95%
Other	50,606	16,951	198.54%
Total	17,572,601	12,196,240	44.08%

Our global accumulated installed capacity exceeded 24GW including over 17,600 units installed across six continents.

Wu Gang
Chairman

Dear Shareholders:

On behalf of the Board, I present to you Goldwind's *2014 Annual Report*.

Following the steady recovery in 2013, China's wind power industry achieved fast growth in 2014. Chinese government has determined to vigorously develop wind power industry. In 2014, Chinese government introduced a variety of policies to support industry planning, regulate the market, promote wind energy consumption, increase the operating profitability of wind power companies, and strengthen wind industry's long-term development foundation.

China's cumulative installed wind power capacity exceeded 114.6GW by the end of 2014; continue to top the first in the world, as well as its annual newly installed capacity. China's curtailment decreased to 8% in 2014 from 11% in 2013. Cumulative connected capacity exceeded 95GW at the end of 2014. China generated 156.3 billion kWh of wind energy in 2014, representing 2.8% of power consumption, up from 2.6% in 2013, and highlighting the huge potential to increase use of wind energy in the future.

Statistics from Chinese Wind Energy Association showed China's newly installed wind power capacity increased 44.2% to 23.20GW in 2014 from 16.09GW in 2013. In 2014, Goldwind installed 4,434 MW in China, representing a 19.1% domestic market share. This was the fourth consecutive year that we ranked first in China. As at 31 December 2014, Goldwind's global accumulated installed capacity exceeded 24GW including over 17,600 units installed across six continents.

Within the context of fast industry growth, fast industry growth, due to the Group's multiple competitive advantages such as dominate market position, superior products and technology, strong brand recognition and reputation, ability to deliver comprehensive solution and successful internationalization progress, Goldwind's operating performance and profitability improved significantly.

In 2014, the Group's revenue from operations increased 44.1% YoY to RMB17,573 million, profit attributable to owners of the Company increased 327.9% YoY to RMB1,830 million, comprehensive gross profit margin increased 5.9 percentage points YoY to 26%, and the combined backlog increased 58.9% from the end of 2013 to 11,947.25MW by the end of 2014. Goldwind continued to explore new opportunities while building a solid foundation and implementing a lean management strategy in 2014, which enabled our primary business segments of WTG Manufacturing, Wind Power Services, and Wind Farm Investment and Development to achieve improved results. Revenues from Goldwind's three business segments all increased: WTG Manufacturing increased 39.9% to RMB15,704, Wind Power Services increased 10.1% to RMB649 million, and Wind Farm Investment and Development increased 218.0% to RMB1,169 million. WTG Manufacturing gross profit margin increased 4.1 percentage points to 23.4%.

As a leading wind power comprehensive solution provider, Goldwind is not only dedicated to improving its WTG technology and also pursuing innovation in its other business activities, such as wind farm construction and wind farm maintenance and operation.

In 2014, Goldwind launched an ultra-low wind speed turbine, the GW115/2000 unit, which is considered an industry benchmark given its largest swept area per kW and highest ultra-low wind speed power output among 2MW units. Our 3.0MW specialized prototype for offshore was also put into operation successfully at the beginning of 2015. Meanwhile, the prototype of 6.0MW developed by Goldwind was successfully installed in Dafeng, Jiangsu Province, setting a new record for large capacity of a wind turbine developed and installed by a Chinese WTG manufacturer. Through its R&D activities, Goldwind has established a diverse WTG product line suitable for different climate conditions.

In the wind power after-sales market, Goldwind continued to innovate its technology and business model. Goldwind's wind service subsidiary, Tianyuan, was certified by TÜV NORD for its wind farm operation and maintenance service capacities. This certification enhances the Group's ability to offer wind power service solution under the unified international standard. The Group also launched its "Wind Farm Life-time Cycle Asset Management System", building up a life-time lean management platform from wind farm construction to operation period. The Group also achieved remarkable results in a project to improve wind farm power output, creating a new opportunity in China's O&M market.

4,434 MW

Goldwind's newly installed capacity

China's "New Silk Road" strategy supported Goldwind's success in the overseas market. In April 2014, Goldwind won an order of 215 MW for phrase II of a project in Panama, setting a new record of the Group's largest overseas order. The Group also expended actively in the emerging market by winning orders or signing WTG supply agreement for various projects located in Thailand, Iran and Serbia. The WTGs supplied to Pakistan and Romania were also put into operation successfully. Their high efficiency and stability in the preliminary operating period gained praise from developers and local grid. The Group also continued to make progress in the mature market. The Gullen Range wind farm in Australia connected to the grid successfully. And we completed its asset transfer transaction, delivering a satisfying investment return to our Shareholders. Our WTGs supplied to France were also successfully installed. The Group's US wind service team's performance was recognized by the developer, resulting in a renewed contract.

By the end of 2014, the Group's combined backlog increased significantly YoY to 11,947.25MW. Among which, there were 5,828.25MW of orders under contract, and 6,119MW of orders awaiting contract.

Going forward, there will be more opportunities and challenges in China's wind power industry. The adjustment of wind power Feed-in-Tariff will encourage WTG's power output efficiency to reach a higher standard, speeding wind power's transition to a market-oriented industry. Long-term planning to support wind power consumption is expected to be introduced in the future, which will provide policy support for longer term development of the industry. Along with the upcoming China's electricity system reform, China will have a more flexible and comprehensive electricity market, laying foundation for multiple usage of wind power such as wind power heating and wind power hydrogen production. Several ultra-high voltage transmission lines to be put into operation during or after 2015, will expend geographical scope of wind power supply, promoting long-term development of China's wind power industry.

Facing a historical opportunity, the Group will strive to provide strong returns for our Shareholders, improve value for our customers, and become a global provider of clean energy and environmental technology comprehensive solutions. Goldwind will continue to solidify its advantages in WTG R&D, manufacturing, sales and wind services. Along the value chain of wind power, Goldwind will also accelerate its expenditure to other mature business segments with more development potential and provide to our customers comprehensive solutions including WTG manufacturing, smart energy services and clean energy. While continuing to focus on the wind industry, the Group will also pay more attention to other sources of clean power and energy conservation. Goldwind will lead the future new trend of wind and solar power development by actively expending wind/solar hybrid generation, smart grid, environmental technologies and other business fields, to achieve long term sustainable development.

17,573 million

Revenue from operations

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

On behalf of the Board, I would like to express my gratitude to our Shareholders and business partners for your continued support in 2014, and to each of Goldwind's employees for your efforts and outstanding achievements.

Wu Gang
Chairman

Beijing, 27 March 2015

Milestones of 2014

JANUARY

The first batch of Goldwind's Gullen Range WTGs in Australia was successfully connected to the grid. This is the largest single wind farm project in New South Wales, Australia and this was also the first wind farm project in Australia to which Goldwind exported its new 2.5MW DDPM WTGs in Australia market. The total capacity of this project is 165.5MW.

MARCH

Goldwind successfully hosted the International Standard Workshop of *micro grid control and operation conditions*. During the meeting, attendees discussed the framework and content of two international standards: 1) technological conditions of micro grid operation and control, 2) planning and designing guideline of micro grid. It also proposed schedule of standard making and work plan for the next step.

Goldwind's independently-developed Smart Micro-grid that independently developed by Goldwind was successfully connected to the State Grid. Goldwind became the first enterprise in Beijing to sell its surplus electricity generated for on-site use to the grid, following the issuance 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.

APRIL

Goldwind's 2.5MW WTGs became the first in China to receive the DNV GL IEC-B design certification, making Goldwind the first WTG manufacturer in China to receive this certification.

The first prototype of Goldwind's new ultra-low wind speed wind turbine GW115/2000 was connected to the grid. This prototype set two global records: the largest swept area per kW and marked as the highest ultra-low wind speed power output among 2 MW units, making average wind speed as low as 5.2 m/s economically viable.

Goldwind received its largest overseas order of 215MW in Panama, supplying 86 units of 2.5MW DDPM WTGs, including a long-term O&M agreement.

JULY

Tianyuan, a subsidiary of Goldwind, passed TÜV NORD's capability evaluation of WTG operation and maintenance services, demonstrating its ability is recognized by international certification agencies. It also proved that the Company is completely qualified to provide WTG service solutions under international unified standards in global WTG services market.

OCTOBER

Goldwind participated in the 2014 China Wind Power Exhibition and officially launched our 2.0MW ultra-low wind speed turbine. This 2.0MW unit was developed based on Goldwind's mature 1.5MW platform and fully leveraged the design and operation experience of Goldwind's over 10,000 WTGs, making average wind speeds as low as 5.2 m/s is economically viable and increased tens of GW additional resources for developers in Southern China area by tens of millions KW.

OCTOBER

Goldwind officially launched its Wind Farm Life-Time Cycle Asset Management System. This system is based on the cumulative data collected from our WTG operation over many years, combining with IoT and Cloud Computing technology, and is one of the full-life cycle lean management platforms from wind farm construction to operation period. Based on this information platform, Goldwind also developed WTGs failure Early Warning System, as well as new technologies to improve WTG output and performance, making this asset management platform integrate multiple functions such as connection management (output forecasting, energy management, electrical energy quality monitoring), monitoring and controlling management, operation and maintenance management, etc.

NOVEMBER

Goldwind's first high temperature WTGs project in Pakistan successfully passed testing at one time, reflecting the high-level performance of Goldwind's WTGs. This project, along with the project team, earned high recognition and praise from the developer and local grid in Pakistan, establishing a positive image and reputation for Goldwind's high temperature WTGs in this emerging market.

DECEMBER

Twenty units of Goldwind's 2.5MW WTGs installed in Mireasa Project in Romania were successfully connected to the local grid. It represented the first batch of WTGs manufactured by Chinese manufacturers to be sold and operated in the Eastern European market. Su Yanwen, the General Consul of China in Constanta, Romania, attended the opening connection ceremony.

Lean Management & Technological Innovation

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 3.5%.

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.

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.

As of the end of 2014, domestic electricity generating capacity reached **1,360.19 million kW**, representing year-on-year growth of 8.7%.

23,351 MW

China's newly installed capacity

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 RMB0.02/kWh, to RMB0.49/kWh, RMB0.52/kWh, and RMB0.56/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.

156.3 billion kWh

China's power generated by wind power

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 23.20GW, an increase of 44.20% 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.

Management Discussion and Analysis

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 RMB17,572.60 million, an increase of 44.08% YoY. Our gross profit was RMB4,566.41 million, an increase of 86.06% YoY. Net profit was RMB1,853.51 million, an increase of 327.44% YoY and net profit attributable to the parent company was RMB1,829.68 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 ("一帶一路") 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 RMB15,703.57 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:

	2014		2013		Change in
Model	**Unit Sold**	**Capacity Sold (MW)**	Unit Sold	Capacity Sold (MW)	Capacity Sold
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 19.12%. 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.

The following table provides the details of Goldwind's backlog of orders as at 31 December 2014:

Unit: MW

Model	Under Contract	Awaiting Contract	Combined Backlog
3.0MW	219.00	48.00	267.00
2.5MW	1,077.50	1,220.00	2,297.50
2.0MW	478.00	858.00	1,336.00
1.5MW	4,036.50	3,993.00	8,029.50
750kW	17.25	–	17.25
Total	5,828.25	6,119.00	11,947.25

There were 488.00MW in capacity of overseas orders included in Goldwind's combined backlog. Of all order executed in 2014, 51% were orders under contract as at the end of 2013 and 40% were new orders under contract signed in 2014.

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 RMB649.40 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 RMB333.15 million, an increase of 148.88% YoY.

iv. International Business

Goldwind is the largest manufacturer of DDPM 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 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 RMB1,849.18million, 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

vi. 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

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 2014	Year ended 31 December 2013	Amount Change	Percentage Change
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%

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	Percentage
	2014	2013	Change	Change
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	Percentage
	2014	2013	Change	Change
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 2014	2013	Amount Change	Percentage Change
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 2014	2013	Change (percentage points)
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, RMB646.11 million in interest paid, and RMB215.57 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. Details are set out in note 31 to the Financial Statements. Details are set out in note 32 to the Financial Statements.

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. Details are set out in note 36 to the Financial Statements.

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. Details are set out in note 47(e) to the Financial Statements.

Contingent Liabilities

The Group's contingent liabilities primarily consisted of letters of credit issued, letters of guarantee issued, guarantees given to a bank in connection with a bank loan granted to a 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. Details are set out in note 41 to the Financial Statements.

OUTLOOK FOR 2015

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.

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.

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.

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.

CORE COMPETITIVE ADVANTAGES

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.

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.

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.

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 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.

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.

Below are the profiles of Directors, Supervisors and Senior Management that were in office as at 31 December 2014:

EXECUTIVE DIRECTORS

Mr. Wu Gang (武鋼先生)

Mr. Wu Gang ("**Mr. Wu**"), aged 57, is currently the Chairman. Mr. Wu graduated from Dalian University of Technology with a master's degree. He is a professor-level senior engineer and an expert entitled to a special allowance granted by the State Council. He is one of the founders of the Company and has been with the Company for over 10 years. He was appointed as the Chairman in May 2002 and previously concurrently served as the Company's general manager between 2002 and 2006, CEO between 2006 and 2013 and President between March 2012 and January 2013.

Mr. Wu currently also serves as the chairman of the board and Party Committee secretary of Xinjiang New Energy (Group) Co., Ltd. The aforementioned company is a private company.

Mr. Wang Haibo (王海波先生)

Mr. Wang Haibo ("**Mr. Wang**"), aged 41, is currently an executive Director and the President. Mr. Wang graduated from Xinjiang Finance and Economics Institute with a bachelor's degree. He joined the Company in 2001 and has been with the Company for over 10 years. He served as the Company's director of Sales and Marketing, director of Investment and Development, deputy, general manager and subsequently chairman of the board of Beijing Tianrun and general manager and CEO of Goldwind International Holdings (HK) Limited since March 2001 to January 2014. He served as the Company's vice president between 2010 and 2013. He was appointed as a Director in June 2012 and the President in January 2013.

Mr. Cao Zhigang (曹志剛先生)

Mr. Cao Zhigang ("**Mr. Cao**"), aged 40, is currently an executive Director and executive vice president of the Company.

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

NON-EXECUTIVE DIRECTORS

Mr. Li Ying (李熒先生)

Mr. Li Ying ("**Mr. Li**"), aged 80, is currently the Vice Chairman. Mr. Li graduated from Wuhan College of Hydraulics. He is a professor-level senior engineer and an expert entitled to a special allowance granted by the State Council. He previously served as the manager and deputy director of the Department of Hydropower of the Ministry of Water Resources between 1985 and 1996, and served as the chairman of the board of Jianghe Rural Electricity Development Co., Ltd. between 1996 and 2011. He was appointed as the Vice Chairman in March 2001 and has been with the Company as a non-executive Director for over 10 years.

Ms. Hu Yang (胡陽女士)

Ms. Hu Yang ("**Ms. Hu**"), aged 48, is currently a non-executive Director. Ms. Hu graduated from Minzu University of China with a master's degree in economics. She is a senior economist. She previously served as a deputy general manager of Asset Operations and Management Company and general manager of operations management of China Water Resources Investment Group Company between 2006 and 2010, general manager of operations management and the chief economist and director of corporate governance and legal affairs of China Three Gorges New Energy, a substantial shareholder of the Company, between 2010 and 2014. She currently serves as the general counsel and director of corporate governance and legal affairs of China Three Gorges New Energy. She was appointed as a Director in September 2011.

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

Mr. Yu Shengjun (于生軍先生)

Mr. Yu Shengjun ("**Mr. Yu**"), aged 41, is currently a non-executive Director. Mr. Yu graduated from Xinjiang University of Finance & Economics with a master's degree. He is a senior engineer. He previously served as a duty officer-in-charge, project manager, director of R&D, director of project construction, director of project development, member of Party Committee, and deputy general manager of Xinjiang Wind Power, a substantial shareholder of the Company, between 1998 and 2012. He currently serves as the chairman of the board and Party Committee secretary of Xinjiang Wind Power since September 2012, and the deputy general manager of Xinjiang New Energy (Group) Co., Ltd since June 2013. He was appointed as a Director in January 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tin Yau Kelvin Wong (黃天祐博士)

Dr. Tin Yau Kelvin Wong ("**Dr. Wong**"), aged 54, is currently an independent non-executive Director. Dr. Wong obtained his MBA from Andrews University in Michigan, USA, and his Doctorate of Business Administration from The Hong Kong Polytechnic University. He previously served as the general manager of corporate development of Termbray Industries International (Holdings) Limited between 1994 and 1996. He currently serves as an executive director and deputy managing director of COSCO Pacific Limited, the securities of which are listed on the Stock Exchange. He was appointed as a Director in June 2011.

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

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

Mr. Yang Xiaosheng (楊校生先生)

Mr. Yang Xiaosheng ("**Mr. Yang**"), aged 63, is currently an independent non-executive Director. Mr. Yang graduated from Beijing University of Agricultural Engineering with a master's degree in agricultural electrification. He is a senior engineer. He previously served as deputy chief engineer and chief engineer of China Longyuan Power Group Limited between 2000 and 2009, and chief engineer of China Longyuan Power Group Corporation Limited between 2009 and 2012. He was appointed as a Director in June 2013.

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

Mr. Luo Zhenbang (羅振邦先生)

Mr. Luo Zhenbang ("**Mr. Luo**"), aged 50, is currently an independent non-executive Director. Mr. Luo graduated from Tsinghua University with a master's degree in corporate governance and innovation. He is a China Certified Public Accountant, Certified Tax Agent, Certified Public Valuer, and an accountant. He previously served as a deputy director accountant of Tianhua Certified Public Accountants between 2002 and 2008. He currently serves as a director and senior partner of BDO China Shu Lun Pan Certified Public Accountants. He was appointed as a Director in June 2013.

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

The securities of China Aerospace International Holdings Limited and China City Railway Transportation Technology Holdings Company Limited and Glory Properties Limited are listed on the Stock Exchange.

SUPERVISORS

Mr. Wang Mengqiu (王孟秋先生)

Mr. Wang Mengqiu ("**Mr. Wang**"), aged 51, is currently the chairman of the Supervisory Committee. Mr. Wang holds a university degree. He previously served as a deputy director and director of finance centre of China Water Investment Group Corp. between 1998 and 2006. He currently serves as the director of internal audit of China Three Gorges New Energy, a substantial shareholder of the Company. He was appointed as a Supervisor in August 2008 and the chairman of the Supervisory Committee in March 2010.

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

Mr. Wang Shiwei（王世偉先生）

Mr. Wang Shiwei ("**Mr. Wang**"), aged 58, is currently a Supervisor. Mr. Wang holds a college degree and is an engineer. He previously served as the director of materials management of Dabancheng wind farm, plant manager of the WTG assembly plant of XJ New Wind, and deputy general manager of Xinjiang Wind Power, a substantial shareholder of the Company, between 1998 and 2013. He currently serves as a senior consultant of Xinjiang Wind Power. He was appointed as a Supervisor in September 2009.

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

Mr. Luo Jun（洛軍先生）

Mr. Luo Jun ("**Mr. Luo**"), aged 48, is currently a Supervisor. Mr. Luo holds a bachelor's degree and is an accountant. He previous served as an employee of finance department and reform office and the head of equity management office of Xinjiang Wind Power, a substantial shareholder of the Company, between 2002 and 2013. He currently serves as the secretary of the board and director of asset management of Xinjiang Wind Power. He was appointed as a Supervisor in May 2004.

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

EMPLOYEE REPRESENTATIVE SUPERVISORS

Ms. Zhang Xiaotao（張曉濤女士）

Ms. Zhang Xiaotao ("**Ms. Zhang**"), aged 44, is currently a Supervisor. Ms. Zhang holds a bachelor's degree. She joined the Company in 2001 and has been with the Company for over 10 years. She previously served as the Company's director of Finance Centre, director of Operations Centre, director of production of the Company's WTG Business Subunit and director of audit & supervision between 2008 and October 2014. She was appointed as a Supervisor in August 2012.

Mr. Xiao Zhiping（肖治平先生）

Mr. Xiao Zhiping ("**Mr. Xiao**"), aged 38, is currently a Supervisor and the general manager of Goldwind Investment Holding Co., Ltd., a wholly-owned subsidiary of the Company. Mr. Xiao holds a university degree. He joined the Company in April 2006 and previously served as a deputy head, head and investment director of Investment and Equity Management. He was appointed as a Supervisor in March 2010.

SENIOR MANAGEMENT

Mr. Wu Kai (吳凱先生)

Mr. Wu Kai ("**Mr. Wu**"), aged 46, is currently an executive vice president and director of R&D Centre of the Company.

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

Mr. Huo Changbao (霍常寶先生)

Mr. Huo Changbao ("**Mr. Huo**"), aged 40, is currently the Chief Financial Officer of the Company. Mr. Huo holds a master's degree and is a certified public accountant, certified tax agent, certified public valuer and an internationally recognised certified internal auditor. He served as an employee of audit of Deloitte between 2003 and 2007, and served as the manager of audit of Ernst & Young Hua Ming between 2007 and 2010. He joined the Company in 2010 and previously served as the deputy director and director of Corporate Finance of the Company. He was appointed as the Chief Financial Officer of the Company in January 2012.

Ms. Ma Jinru (馬金儒女士)

Ms. Ma Jinru ("**Ms. Ma**"), aged 49, is currently a vice president of the Company, the Secretary of the Board and the Company Secretary. Ms. Ma graduated from Jilin University of Technology with a master's degree. She is a senior economist and an affiliated person of The Hong Kong Institute of Chartered Secretaries. She served as an economist with the Dalian Port Design Institute, head of the foreign trade and economic cooperation of Dalian Port Authority, manager of financial management of Dalian Port Container Integrated Development Company, and secretary of the board of Dalian Port Container Co., Ltd. between 1990 and 2005. She then served as the secretary of the board and company secretary of Dalian Port (PDA) Co., Ltd. between 2005 and 2010. She joined the Company and was appointed as a vice president of the Company, the Secretary of the Board and the Company Secretary in March 2010.

Mr. Zhou Yunzhi (周雲志先生)

Mr. Zhou Yunzhi ("**Mr. Zhou**"), aged 55, is currently a vice president of the Company and the general manager of Beijing Techwin. Mr. Zhou graduated from Nanjing University of Science and Technology with a bachelor's degree. He is a reseacher-level senior engineer and an expert entitled to a special allowance granted by the State Council. He served as, among others, a deputy director of Xi'an Modern Chemistry Research Institute between 2000 and 2005, a deputy general manager and general manager of Zhejiang GEMSY Group Co., Ltd. between 2005 and 2007, the general manager of Jiangsu Global Shipbuilding (Yangzhou) Co., Ltd. between 2008 and 2010 and served as a deputy general manager of Zhejiang GEMSY Machanical and Electrical Co., Ltd. between 2011 and 2012. He joined the Company in 2012 and previously served as the director of the Chief Director Office. He was appointed as a vice president of the Company in March 2014.

Mr. Liu Wei (劉瑋先生)

Mr. Liu Wei ("**Mr. Liu**"), aged 50, is currently a vice president of the Company and the general manager of Beijing Tianrun. Mr. Liu graduated from Peking University with a master's degree. He served as, among others, the deputy head and subsequently head of office of NDRC Xinjiang Office between 1995 and 2006, and served as a member of the town committee of Fuyun District of Aletai City between 2006 and 2007. He joined the Company in 2007 and previously served as the deputy general manager, administrative deputy general manager and the general manager of Beijing Tianrun. He was appointed as a vice president of the Company in January 2013.

Mr. Yang Hua (楊華先生)

Mr. Yang Hua ("**Mr. Yang**"), aged 48, is currently a vice president of the Company and the general manager of Beijing Tianyuan. Mr. Yang graduated from the Party School of the Central Committee of C.P.C. with a bachelor's degree. He served as, among others, a deputy plant manager of Xinjiang Hydropower Equipment Installations Company between 1987 and 1997, and served as an assistant engineer and deputy plant manager of Xinjiang Wind Power Company between 1997 and 2004. He joined the Company in 2004 and previously served as the director of Electronic Control, deputy general manager of Customer Services, domestic sales manager of Sales and Marketing, director of Customer Services and the general manager of Beijing Tianyuan. He was appointed as a vice president of the Company in January 2011.

Mr. Liu He (劉河先生)

Mr. Liu He ("**Mr. Liu**"), aged 50, is currently the Chief Engineer of the Company. Mr. Liu graduated from Northwest A&F University with a bachelor's degree. He is a senior engineer. He joined the Company in 2001 and previously served as the head of Technology, director of Technical Quality Control, deputy chief engineer, director of Quality Control, and director of Product Development Centre of the Company. He was appointed as the Chief Engineer of the Company in March 2012.

The Board of Directors' Report

The Board hereby presents to our shareholders its report for the financial year ended 31 December 2014 and the Financial Statements.

PRIMARY BUSINESS

The Group is one of the largest WTG manufacturers in the world and a leading provider of comprehensive wind power solutions. The Group is principally engaged in three business segments: (1) WTG Manufacturing; (2) Wind Power Services; and (3) Wind Farm Investment and Development. WTG Manufacturing is our core business and its revenue represents a majority of the Group's total revenue from operations. The Group's newly installed wind power capacity in 2014 ranked first in China and fourth internationally.

RESULTS AND PROFIT DISTRIBUTION

The annual results of the Group for the financial year ended 31 December 2014 are set out in the Financial Statements.

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.

FINANCIAL HIGHLIGHTS FOR THE PAST FIVE FINANCIAL YEARS

Financial highlights of the Group's results and balance sheets prepared in accordance with IFRSs for the past five financial years are set out in the section headed "Financial Highlights for the Past Five Financial Years" on page 220 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2014, 20.83% and 6.76% of the Group's revenue from operations was attributed to our five largest customers and our largest customer, respectively. During the same period, 42.23% and 16.07% of the Group's total procurement expenditure was attributed to our five largest suppliers and our largest supplier, respectively.

China Three Gorges New Energy is a substantial shareholder of the Company. As at 31 December 2014, China Three Gorges New Energy directly held the entire issued share capital of Inner Mongolia Jingneng Bayin Wind Power Generation Co., Ltd. (內蒙古京能巴音風力發電有限公司), one of the Group's five largest customers for the financial year ended 31 December 2014.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group primarily operated its businesses in China. Over 80% of the Group's revenue, expenditure, and financial assets and liabilities were denominated in RMB. The exchange rate of the RMB against foreign currencies did not have a significant impact on the Group's businesses. The Group's foreign exchange exposure associated with such transactions (except for the functional currency of the relevant operating entities) maintained at a relatively low level. The currency translation difference incurred by the Group in respect of the long-term equity investment by our subsidiaries incorporated outside China was recorded under the translation reserve.

PROPERTY, PLANT AND EQUIPMENT

Details of adjustments made to property, plant and equipment of the Group during the financial year ended 31 December 2014 are set out in note 13 to the Financial Statements.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group acquired and disposed certain subsidiaries and interests in certain associates during the financial year ended 31 December 2014 in accordance with the development strategies of the Company and based on changes of the industry and market environments. Details are set out in note 37 and 38 to the Financial Statements.

MANAGEMENT CONTRACTS

The Group did not enter into any contract in respect of the management and administration of the entire or any significant part of the business of the Group, nor did any such contract subsist at any time during the financial year ended 31 December 2014.

TOP FIVE HIGHEST PAID INDIVIDUALS

Details regarding the five highest paid individuals, including the chief executive of the Company, for the financial year ended 31 December 2014 are set out in note 8 to the Financial Statements.

SHARE CAPITAL

The particulars of the issued share capital of the Company as at 31 December 2014 are set out as follows:

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

NUMBER OF SHAREHOLDERS

As at 31 December 2014, the total number of Shareholders was 190,075, among which the number of A Share and H Share Shareholders were 188,295 and 1,780, respectively.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, as far as known to the Directors, the following persons had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO:

H Shares:

Name of Shareholder	Share Category	Number of Shares	As a Percentage of H Shares	As a Percentage of Total Shares
Citigroup Inc.	H Shares	53,706,342(L)	10.74%	1.99%
		52,088,855(P)	10.41%	1.93%
Norges Bank	H Shares	50,765,400(L)	10.15%	1.88%
International Finance Corporation	H Shares	32,044,600(L)	7.05%	1.19%
Schroders Plc	H Shares	34,648,200(L)	6.93%	1.29%

A Shares:

Name of Shareholder	Share Category	Number of Shares	As a Percentage of A Shares	As a Percentage of Total Shares
Xinjiang Wind Power	A Shares	375,920,386	17.13%	13.95%
China Three Gorges New Energy	A Shares	664,766,085	30.29%	24.67%
China Three Gorges	A Shares	664,766,085	30.29%	24.67%

Notes:

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

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

Other than as disclosed above, as at 31 December 2014, as far as is known to the Directors, no other persons (excluding the Directors, Supervisors and chief executive of the Company) had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

PRE-EMPTIVE RIGHTS

The Articles does not have any mandatory provision regarding pre-emptive rights.

PURCHASE, SALE OR REDEMPTION OF SHARES

Other than disclosed in this annual report, during the financial year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

From publicly available information and to the best knowledge of the Directors, the Company had maintained a sufficient public float as required under the Listing Rules throughout the financial year ended 31 December 2014 and up to the Latest Practical Date.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors in office during the financial year ended 31 December 2014 and up to the Latest Practical Date were:

Name	Date of Appointment
Executive Directors	
Mr. Wu Gang *(Chairman)*	26 June 2013
Mr. Wang Haibo	26 June 2013
Mr. Cao Zhigang	26 June 2013
Non-executive Directors	
Mr. Li Ying *(Vice Chairman)*	26 June 2013
Ms. Hu Yang	26 June 2013
Mr. Yu Shengjun	26 June 2013
Independent Non-executive Directors	
Dr. Tin Yau Kelvin Wong	26 June 2013
Mr. Yang Xiaosheng	26 June 2013
Mr. Luo Zhenbang	26 June 2013
Supervisors	
Mr. Wang Mengqiu *(Chairman of the Supervisory Committee)*	26 June 2013
Mr. Wang Shiwei	26 June 2013
Mr. Luo Jun	26 June 2013
Ms. Zhang Xiaotao *(employee representative Supervisor)*	26 June 2013
Mr. Xiao Zhiping *(employee representative Supervisor)*	26 June 2013

There were no changes to the Directors and Supervisors during the financial year ended 31 December 2014 and up to the Latest Practical Date.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The profiles of the Directors, Supervisors and senior management of the Company in office as at 31 December 2014 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report.

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

Based on the information known to the Directors, as at 31 December 2014, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the securities of the Company are set out as follows:

			As at 31 December 2014		
Name	**Type of Equity Interests**	**Share Category**	**Number of Shares**	**As a Percentage of A Shares**	**As a Percentage of Total Shares**
Mr. Wu Gang	Beneficial owner	A Shares	40,167,040	1.83%	1.49%
Mr. Li Ying	Beneficial owner	A Shares	2,925	0.00%	0.00%
Mr. Cao Zhigang	Beneficial owner	A Shares	9,368,024[1]	0.43%	0.35%
Mr. Yu Shengjun	Beneficial owner	A Shares	6,500	0.00%	0.00%
	Interest of spouse	A Shares	8,600[2]	0.00%	0.00%
Ms. Zhang Xiaotao	Interest of spouse	A Shares	18,850,400[3]	0.86%	0.70%

Notes:

1. Mr. Cao Zhigang entered into a Subscription Agreement with the Company on 2 September 2014 pursuant to which Mr. Cao Zhigang agreed to subscribe for a total of 550,000 A Shares. The Subscription Agreement and the subscription contemplated thereunder have been approved by the Shareholders at an extraordinary general meeting of the Company but certain other conditions precedent for completion, inter alia, approval from the CSRC, are still pending, therefore the subscription under the Subscription Agreement has not completed. However, under the SFO, Mr. Cao Zhigang was deemed to be interested in these 550,000 A Shares in addition to his interest disclosed in the table above. Details of such subscription are set out in the section headed "Connected Transactions" on page 59 of this annual report.

2. These shares were held by Mr. Yu Shengjun's spouse. Mr. Yu Shengjun is deemed to be interested in the 8,600 A Shares pursuant to Part XV of the SFO.

3. These shares were held by Ms. Zhang Xiaotao's spouse. Ms. Zhang Xiaotao is deemed to be interested in the 18,850,400 A Shares pursuant to Part XV of the SFO.

Mr. Wang Haibo, an executive director of the Company, entered into a Subscription Agreement with the Company on 2 September 2014 pursuant to which Mr. Wang Haibo agreed to subscribe a total of 550,000 A Shares. The Subscription Agreement and the subscription contemplated thereunder have been approved by the Shareholders at an extraordinary general meeting of the Company but certain other conditions precedent, inter alia, approval from the CSRC are still pending, therefore the subscriptions under the Subscription Agreement has not completed. However, under the SFO, Mr. Wang Haibo was deemed to be interested in these 550,000 A Shares. Details of such subscription are set out in the section headed "Connected Transactions" on page 59 of this annual report.

Haitong Asset Management, being the manager of the Haitong-Goldwind Asset Management Plan II, entered into a Subscription Agreement with the Company on 2 September 2014 pursuant to which Haitong Asset Management subscribed for a total of 19,563,000 A Shares. The agreement and the subscription contemplated thereunder have been approved by the Shareholders at an extraordinary general meeting of the Company but certain other conditions precedent for completion, inter alia, approval from the CSRC are still pending, therefore the subscription under such agreements has not completed. Mr. Xiao Zhiping, a supervisor of the Company, is a participant of the Haitong-Goldwind Asset Management Plan with regard to a total of 450,000 A Shares, under the SFO, Mr. Xiao Zhiping was deemed to be interested in these 450,000 A Shares.

Other than as disclosed above, as at 31 December 2014, as far as known to the Company, none of the Directors, Supervisors or chief executive of the Company had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than as disclosed in the paragraph headed "Interests and Short Positions in Shares of the Company and its Associated Corporations by Directors and Supervisors" in this report, at no time, during the financial year ended 31 December 2014 or the period following 31 December 2014 and up to the Latest Practical Date, was the Company, or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company, a party to any arrangement to enable the Directors or Supervisors or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body, and none of the Directors and Supervisors or their spouses and children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during such period.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors had a service contract with the Company. If a Director or Supervisor is dismissed from the position of Director or Supervisor by the shareholders' general meeting of the Company, or the circumstances of the Director or Supervisor are not in accordance with the relevant regulations of the *Company Law* of the PRC or the Articles, the contract will be terminated automatically.

The Company did not enter into a service contract with any Director or Supervisor that is not terminable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SUPERVISORS' REMUNERATION

The relevant resolutions relating to Directors' remuneration and independent non-executive Directors' allowance were approved by the Shareholders. In accordance with the relevant resolutions, for the financial year ended 31 December 2014, the Chairman and executive Directors received remuneration from the Company, non-executive Directors did not receive any remuneration from the Company, and independent non-executive Director's allowance were paid to the independent non-executive Directors.

For the financial year ended 31 December 2014, employee representative Supervisors received remuneration from the Company in accordance with their offices held in the Company while the other Supervisors did not receive any remuneration from the Company.

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at 31 December 2014 or at any time during the financial year ended 31 December 2014, other than the service contract and the Subscription Agreement, there were no contracts of significance to the Group in which the Company or any of its subsidiaries was a party and in which a Director or Supervisor, whether directly or indirectly, had a material interest.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions under Listing Rules

The Group had several non-exempt continuing connected transactions with the Connected Persons Group during the financial year ended 31 December 2014 which were carried out pursuant to the agreements with the Connected Persons Group dated 9 November 2012 and were approved by the independent shareholders of the Company on 8 January 2013 in accordance with the Listing Rules. The following table sets out a summary of the nature, annual caps and actual amounts of such non-exempt continuing connected transactions:

Connected Transactions	**Annual Cap for 2014** (RMB million)	**Actual Amount for 2014** (RMB million)
Purchase of Components	405.2	67
Product Sales	3,153.0	1,493
Wind Power Services	181.7	1

Purchase of Components

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

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

Under the relevant written agreements, the consideration payable in connection with any purchase of components from the Connected Persons Group has been, and will continue to be, determined through public tenders or based on the market price in the event that public tenders were not required. Such market price is defined by reference to the price at which the Group is able to purchase identical or similar products from an independent third party in the ordinary and usual course of business.

Product Sales

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

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

Under the relevant written agreements, the consideration in connection with any sale of WTGs to the Connected Persons Group has been, and will continue to be, determined through public tenders or based on the market price in the event that public tenders were not required. Such market price is defined by reference to the price at which the Group is able to sell identical or similar products to an independent third party in the ordinary and usual course of business.

Wind Power Services

Wind power service is one of the Group's main businesses and has recorded a significant growth since 2011. The Company anticipates the Group's wind power service business will continue to grow and such services provided to the Connected Persons Group are also expected to increase substantially in the year ending 31 December 2015.

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

Under the relevant written agreements, the consideration in connection with providing wind power services to the Connected Persons Group shall be determined through public tenders or based on the market price in the event that public tenders were not required. Such market price is defined by reference to the price at which the Group is able to provide identical or similar services to an independent third party in the ordinary and usual course of business.

The independent non-executive directors have reviewed the Group's continuing connected transactions mentioned above, and confirmed that the transactions carried out during the financial year ended 31 December 2014:

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

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

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

The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions had allowed them sufficient access to their records for the purpose of reporting on the transactions as set out in this report, and the aforementioned continuing connected transactions carried out during the financial year ended 31 December 2014:

1. had been approved by the Board;

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

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

4. had not exceeded the annual caps disclosed in the circular of the first EGM of 2013 dated 16 November 2012.

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

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

Non-exempt connected transactions under the Listing Rules

On 2 September 2014, the Company entered into (i) a subscription agreement with each of the Individual Subscribers in respect of subscription of New A Shares in respect of a total of 4,250,000 A Shares; and (ii) two subscription agreements with Haitong Asset Management in respect of a total of 36,703,000 A Shares for the purpose of Haitong-Goldwind Asset Management Plan I and Haitong-Goldwind Asset Management Plan II.

The major terms of all the Subscription Agreements are substantially identical which are summarised as follows:

Subscription Shares

Pursuant to the Subscription Agreements, the Company has conditionally agreed to issue, and each of the Subscribers has conditionally agreed to subscribe for the respective number of New A Shares set out below:

Name of Subscriber	Number of New A Shares Subscribed
Mr. Wang Haibo	550,000
Mr. Cao Zhigang	550,000
Mr. Wu Kai	550,000
Mr. Huo Changbao	550,000
Ms. Ma Jinru	550,000
Mr. Liu Wei	550,000
Mr. Zhou Yunzhi	550,000
Mr. Yang Hua	400,000
Haitong Asset Management	
– Haitong-Goldwind Asset Management Plan I	17,140,000
– Haitong-Goldwind Asset Management Plan II	19,563,000
Total	40,953,000

The 40,953,000 New A Shares represent (i) approximately 1.52% of the total issued share capital of the Company as at 2 September 2014, the date of the Subscription Agreements; and (ii) approximately 1.50% of the total issued share capital of the Company as enlarged by the issue of the New A Shares (assuming the New A Shares are fully issued and no further issuance of Shares prior to completion of the subscription).

Subscription Price

The Subscription Price is RMB8.87 per Share. The aggregate cash consideration for the Subscription is approximately RMB363.25 million.

Pursuant to the relevant rules of the CSRC, the Subscription Price was determined with reference to the average trading price of A Shares for the 20 trading days period ended on the date immediately preceding 3 September 2014 (the "**Fixed Price Period**"), being RMB9.85. Such average trading price of A Shares was arrived at by dividing the total turnover of A Shares for the Fixed Price Period by the total trading volume of A Shares during the Fixed Price Period. The Subscription Price represents a discount of approximately 10.94% as compared to the average closing price of RMB9.96 per A Share for the last 5 consecutive trading days immediately prior to the suspension of trading of A Share on 27 August 2014 in relation to the Subscription. The Directors (including the independent non-executive Directors) consider that the Subscription Price is fair and reasonable and is in the best interest of the Company and Shareholders as a whole.

Information about the Parties to the Subscription

Mr. Wang Haibo is an executive Director and the president of the Company and therefore is a connected person of the Company.

Mr. Cao Zhigang is an executive Director and executive vice president of the Company and therefore is a connected person of the Company.

Mr. Wu Kai is an executive vice president and director of the research and development centre of the Company.

Mr. Huo Changbao is the CFO of the Company. He is also a director of Beijing Tianrun, therefore, a connected person of the Company.

Ms. Ma Jinru is a vice president, secretary of the Board and the company secretary of the Company.

Mr. Liu Wei is a vice president of the Company and the general manager of Beijing Tianrun, therefore, a connected person of the Company.

Mr. Zhou Yunzhi is a vice president of the Company. He is also the general manager of Beijing Techwin, therefore, a connected person of the Company.

Mr. Yang Hua is a vice president of the Company. He is also the general manager of Beijing Tianyuan, therefore, a connected person of the Company.

Haitong Asset Management, being the manager of both Haitong-Goldwind Asset Management Plan I and Haitong-Goldwind Asset Management Plan II, is a connected person of the Company as certain participants of such plans are directors and/or general managers of the Company's subsidiaries.

Reasons for and Benefits of the Subscription

Upon completion of the Subscription, certain executive Directors, members of the senior management and key employees of the Company will become a shareholder of the Company, which would provide them with more incentives to achieve better performance when discharging their duties. In addition, the Subscription will help to increase the solvency ratio and broaden the capital scale of the Company, satisfy the capital demand of the Company for its future business development, so as to further enhance the market competitiveness of the Company and maintain its leading position in the wind power industry.

The Subscription has been approved by the independent shareholders of the Company at the general meeting and class meetings held on 11 November 2014.

Completion of the Subscription under the Subscription Agreements is subject to certain conditions precedent details of which have been set out in the Company's announcement dated 2 September 2014 and published on the website of HKEx and the website of the Company. As at the Latest Practicable Date, the Subscription had not taken place as certain conditions precedent, inter alia, obtaining approval from the CSRC, had not been satisfied.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards during the financial year ended 31 December 2014. These related party transactions included non-exempt continuing connected transactions as set out in the section headed "Connected Transactions" on page 59 of this annual report. Details are set out in note 44 to the Financial Statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year ended 31 December 2014 was RMB1.11 million.

REVIEW OF 2014 ANNUAL REPORT

The Audit Committee of the Company has reviewed and approved the 2014 Annual Report of the Company. Information on works performed by the Audit Committee and its composition are set out in the section headed "Board Committees" on page 71 of this annual report.

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

Supervisory Committee Report

During the reporting period, the Company's Supervisory Committee acted strictly in accordance with the relevant regulations of *Company Law*, Goldwind Company Regulations, and Goldwind Supervisory Committee Regulations. All members of the Supervisory Committee assumed responsibility towards the Company's shareholders, acted with integrity, carried out our supervisory duties to the best of their abilities, actively participated in supervision works, carefully deliberated on major decisions, protected the interest of our shareholders and the Company, and supported the Company's management and sustainable development.

SUPERVISORY COMMITTEE MEETINGS

During the reporting period, a total of 5 meetings were held, and 20 proposals were considered and approved. Except for certain special circumstances, all Supervisory Committee members attended the meetings in person or by proxy.

OBJECTIVE FINDINGS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee made the following observations regarding relevant aspects of the Company during 2014:

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

During the reporting period, the members of the Supervisory Committee attended all the Board meetings and general meetings. The Supervisory Committee also supervised procedures of the Board meetings and general meetings and proposal discussions, the Board's implementation of decisions made at the Company's general meetings, performance of the Senior Management, implementation of various management policies of the Company, and its operational performance. The Supervisory Committee believes that the Company operated in compliance with the required standards, made lawful and rational decisions, acted in compliance with its corporate governance procedures, and established adequate internal controls. The Supervisory Committee also believes that Directors and Senior Management discharged their duties with prudence, integrity and diligence, and strictly implemented various decisions made at the general meetings. The Supervisory Committee did not find any activities that were unlawful, or violating the applicable government regulations or the internal rules, harm the Company's or the shareholders' interests.

2. Financial Position

The Supervisory Committee carefully inspected the Company's periodic financial report and financial policies during the reporting period. The Committee believes that the Company's financial department's internal control system is adequate, and is continuously being improved. The Supervisory Committee believes all policies and systems were strictly implemented, and therefore effectively supported the Company's production and operation. In 2014, the Company's financial position was sound, financial management was effective, the Financial Statements were complete and fair, and truthfully reflected the Company's financial position and operational performance. The committee believes that the Annual Report with unqualified opinion issued by Ernst & Young Hua Ming LLP was true and fair.

3. Share Proceeds Information

The Company acted in strict accordance with the Regulations for the Use and Management of Share Proceeds. The Company did not use share proceeds during 2014 for pledges, entrusted loans, or other prohibited purposes. All proceeds were used in accordance with project plans. There were no cases of regulation violation with regards to the use of share proceeds during 2014. All proceeds were used in accordance with the relevant regulations and followed the appropriate approval procedures. The Supervisory Committee believes that the relevant information disclosed by the Company was on time, truthful, accurate and complete.

4. Disclosure and Guarantee

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

5. Connected Transactions

During the reporting period, the Company's connected transactions were in compliance with the government laws and regulations, as well as the Company's regulations with regards to their decision-making procedures. The pricing method of the connected transaction agreements were in accordance with accepted business practices and the relevant rules and regulations, demonstrating fairness and equality. When making decisions on connected transactions, all interested Directors and shareholders abstained from voting. The Supervisory Committee believes, during the year 2014 there were no internal transactions that would harm the Company's or shareholders' interests including the public shareholders' interests.

6. Self-assessment of Internal Controls

Goldwind has established an outstanding internal control system. The system integrates the Company's operations management activities at all levels and in all sectors. All the Company's operations followed the internal controls guidelines and were strictly complied with their recommended procedures. After close inspection, we believe the Company's internal control structure was effective during 2014. The committee reviewed the 2014 Annual Internal Control Self-assessment Report and believes the report is truthful and fair.

7. Other Major Issues

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

Corporate Governance Report

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

Listed on the Stock Exchange and SZSE, the Company has, remained in strict compliance with the relevant laws and regulations of Hong Kong and the PRC during the year ended 31 December 2014, which included the *Company Law* of the PRC, *Securities Law* of the PRC, *Code of Corporate Governance for Listed Companies* (《上市公司治理準則》) issued by the CSRC, Corporate Governance Code, the Listing Rules, and the listing rules of the SZSE.

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

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for implementing the Corporate Governance Code and managing the Group's corporate governance matters. The Board has reviewed the corporate governance policies and practices of the Company and its policies and practices relating to compliance with legal and regulatory requirements, as well as training and continuous professional development of the Directors and Senior Management. The Board has also reviewed the disclosure of this Corporate Governance Report for the year ended 31 December 2014.

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

SHAREHOLDERS

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

As the highest authority of the Company, the shareholders' general meeting is responsible for the decision-making of all major Company issues in accordance with the relevant laws and regulations. The Company has remained in strict compliance with the Rules on Shareholders' General Meetings of Listed Companies (《上市公司股東大會規則》) issued by the CSRC, the Articles, the Company's Rules on Procedures of Shareholders' General Meetings, and other relevant laws, rules and regulations. The Company convenes shareholders' general meetings each year and standardises the meeting procedures in accordance with the relevant laws to ensure fair treatment towards all Shareholders, especially minority Shareholders, and enable them to fully exercise their rights.

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

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

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

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

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

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

THE BOARD

The Board is charged with directing and managing the Company's affairs and continued to pursue the sustainable development of the Company in the year ended 31 December 2014. Each Director has a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

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

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

Board Composition

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

The Board composition during the year ended 31 December 2014 and up to the Latest Practicable Date is set out below:

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

Dr. Tin Yau Kelvin Wong
Mr. Yang Xiaosheng
Mr. Luo Zhenbang

The current Board is the fifth session of the Board. Mr. Wu Gang and Mr. Wang Haibo were re-elected as executive Director, Mr. Li Ying, Ms. Hu Yang and Mr. Yu Shengjun were re-elected as non-executive Director, and Dr. Tin Yau Kelvin Wong was re-elected as independent non-executive Director at the AGM for the year of 2012 held on 25 June 2013.At the same meeting, Mr. Cao Zhigang was newly elected as executive Director, and Mr. Yang Xiaosheng and Mr. Luo Zhenbang were newly elected as independent non-executive Director. The term of office of the fifth session of the Board shall expire on 25 June 2016.

The executive and non-executive Directors have extensive expertise, experience, and skills in the wind power industry and other professional areas, and thus provided a knowledgeable resource on strategic decisions of the Group. The independent non-executive Directors have extensive experience in the industry and possess professional qualifications in areas such as finance and business administration. The profiles of the Directors in office as at 31 December 2014 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report.

During the year ended 31 December 2014, the Board complied with the requirements of the Listing Rules relating to having at least three independent non-executive directors, representation of at least one-third of the Board by independent non-executive directors, and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. During the same period, there were no financial, business, family or other major or relevant relationships between members of the Board or the Chairman and President.

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Board has received a written confirmation from each independent non-executive Director of his independence to the Company for the year ended 31 December 2014, and considers all of the independent non-executive Directors to be independent.

Changes to Information on Directors, Supervisors and President

In April 2014, Mr. Li Ying resigned as the chairman of the Board of Ningde Dagang Hydropower Station Development Co., Ltd., which is a private company.

In July 2014, Mr. Luo Zhenbang was appointed as independent non-executive director of Glory Properties Limited, a company whose securities are listed on the main board of the Stock Exchange.

In December 2014, Ms. Hu Yang was appointed as the general counsel and director of corporate governance and legal affairs of China Three Gorges New Energy, which is a private company.

Chairman and President

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

The Chairman is responsible for establishing the Company's strategies, ensuring the proper functioning of the Board, and monitoring the Company's corporate governance practices and procedures. In addition, the Chairman is responsible for encouraging all Directors to fully contribute to the Board's affairs, to express their opinions and ensuring that decisions of the Board reflect their consensus fairly, creating a culture of openness and constructive discussions, maintaining an effective communications channel with the Shareholders, and ensuring the Board acts in the best interests of the Company. During the year ended 31 December 2014, the Chairman held a meeting with each of the non-executive Directors and independent non-executive Directors and obtained independent opinions relating to affairs of the Board and the Company without the presence of other executive Directors.

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

Directors' and Supervisors' Securities Transactions

The interests in the Company's securities held by Directors or Supervisors as at 31 December 2014 are set out in the section headed "Interests and Short Positions in Shares of the Company and its Associated Corporations by Directors and Supervisors" on page 57 of this annual report.

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the Model Code. The Company has strictly complied with other relevant binding clauses imposed by the regulatory authorities of Hong Kong and the PRC, and we adhere to the principle of complying with the stricter regulations between the two jurisdictions. All Directors and Supervisors have confirmed to the Company that they have complied with the Model Code during the year ended 31 December 2014.

Board Committees

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

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

1. Audit Committee

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

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

The work performed by the Audit Committee during the year ended 31 December 2014 included reviewing the Company's annual, interim and quarterly reports, the Group's annual budget, internal audit and internal control procedures, and monitoring external audit services and providing recommendations for the appointment of external auditors.

2. Nomination Committee

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

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

The work performed by the Nomination Committee during the year ended 31 December 2014 included reviewing the structure and composition of the Board, nominating senior management personnel, and assessing the independence of the independent non-executive directors.

3. Remuneration and Assessment Committee

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

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

The work performed by the Remuneration and Assessment Committee during the year ended 31 December 2014 included reviewing the Company's human resources report and determining the remuneration and bonus of relevant Directors and Senior Management based on the performance of the Company and in accordance with the Company's Administration Rules for Remuneration.

4. Strategic Committee

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

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

Board and Committee Meetings

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

A board meeting must have over half of all the Directors in attendance. The Directors may attend the board meeting in person or appoint another Director in writing to attend the board meeting by proxy. The Board shall keep minutes of decisions on matters discussed at the meeting and ensure that such minutes are available for inspection by any Director.

Details of Directors' attendance at board meetings, committee meetings, and shareholders' general meetings of the Company during the year ended 31 December 2014 are set out below:

Name	Board	Audit Committee	Nomination Committee	Remuneration & Assessment Committee	Shareholders' General Meeting
Executive Directors					
Mr. Wu Gang	9/9		2/2	1/1	6/6
Mr. Wang Haibo	9/9				6/6
Mr. Cao Zhigang	6(3)[1]/9				2/6
Non-executive Directors					
Mr. Li Ying	7(2)[1]/9			1/1	5/6
Ms. Hu Yang	6(3)[1]/9				1/6
Mr. Yu Shengjun	9/9	5/5			6/6
Ms. Ji Dongmei					
Independent Non-executive Directors					
Dr. Tin Yau Kelvin Wong	9/9	5/5		1/1	2/6
Mr. Yang Xiaosheng	9/9		2/2	1/1	3/6
Mr. Luo Zhenbang	9/9	5/5	2/2	1/1	2/6

Notes:

1. The director attended the board meetings by proxy.

Appointment of Directors

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

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

Directors' Commitments

The Company has received confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company for the year ended 31 December 2014. The Directors have disclosed to the Company the number and nature of offices held in listed companies or other significant commitments, including the name of and offices held in such companies or organisations. The Directors are periodically reminded to notify the Company in a timely manner with regards to any change of such information. Offices held in other listed companies or other significant commitments of the Directors in office as at 31 December 2014 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report. Any changes to such information of the Directors during the year ended 31 December 2014 are set out in the section headed "Changes to Information on Directors, Supervisors and President" on page 70 of this annual report.

The Company encourages all Directors to participate in continuous professional development to develop and refresh their knowledge and skills. The Company arranged and funded a number of training programmes for Directors during the year ended 31 December 2014, with particular emphasis on the roles, functions and duties of being a listed company director. The Company also submitted Directors' Monthly Operations Report to brief Directors on the Company's monthly businesses, financial position, industry and market environment, and capital market updates.

The Directors attended a number of training programmes and conferences during the year ended 31 December 2014 and the hours devoted to such continuous professional development events for the Directors in office as at 31 December 2014 are set out below:

Unit: Hours

Name	Corporate Governance/ Laws & Regulations/ Duties of Directors	Strategy/Business Administration/ Risk Control/ Industry Related	Accounting/ Audit/Finance/ Taxation
Executive Directors			
Mr. Wu Gang	39	125	12
Mr. Wang Haibo	160	240	120
Mr. Cao Zhigang	64	200	100
Non-executive Directors			
Mr. Li Ying	4	2	0
Ms. Hu Yang	72	48	8
Mr. Yu Shengjun	12	0	0
Independent Non-executive Directors			
Dr. Tin Yau Kelvin Wong	13.5	21.5	14.5
Mr. Yang Xiaosheng	4	10	0
Mr. Luo Zhenbang	16	12	60

THE SUPERVISORY COMMITTEE

The Supervisory Committee is the Company's permanent supervisory system. It is responsible for the supervision of the Board, the Directors, the President, and Senior Management in order to prevent such persons from exploiting their authority and violating the legal rights and interests of the Shareholders, the Company, and employees of the Company. The Supervisory Committee has remained in strict compliance with the relevant provisions in the *Company Law* of the PRC, the Articles, and the Supervisory Committee Regulations of the Company during the year ended 31 December 2014. The Supervisors are aware of their collective and individual responsibilities to all Shareholders and acted to the best of their abilities to protect the interests of the Shareholders and the Company.

The responsibilities undertaken by the Supervisory Committee include:

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

Supervisory Committee Composition

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

The Supervisory Committee composition during the year ended 31 December 2014 and up to the Latest Practicable Date is set out below:

Supervisors

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

Employee Representative Supervisors

Ms. Zhang Xiaotao
Mr. Xiao Zhiping

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

The profiles of the Supervisors in office as at 31 December 2014 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report.

Supervisory Committee Meetings

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

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

Details of Supervisors' attendance at committee meetings of the Company during the year ended 31 December 2014 are set out below:

Name	Attendances (by Proxy)/ Meetings Held
Supervisors	
Mr. Wang Mengqiu	4(1)/5
Mr. Wang Shiwei	5/5
Mr. Luo Jun	4(1)/5
Employee Representative Supervisors	
Ms. Zhang Xiaotao	5/5
Mr. Xiao Zhiping	4(1)/5

INTERNAL CONTROL

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

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

Corporate Structure

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

The Group continued to improve our corporate structure in 2014 in order to improve efficiency and our management team. We improved our authorisation policies which specified the content and consideration of matters delegated to each level of management. The Group amended the functions and responsibilities of certain positions and administrative policies during the same period in accordance with the Group's management strategy. These policies included those relating to human resource management, specialisation of roles and responsibilities, appraisal and discipline, and career development.

Risk Control

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

The Group continued to improve our risk control in 2014 based on our businesses and operating targets. We provided training of our internal policies to relevant employees relating to risk control strategies, management, chain of command and information systems. We collected information on possible risks, performed thorough analysis and amended our strategies accordingly. In addition, we also improved our risk control for international business in 2014 in line with our internationalisation strategy. We reviewed our existing risk control for international projects and amended certain internal policies, which included those relating to roles and responsibilities of relevant departments and effective supervision of every stage of overseas projects.

Disclosure

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

The Company's Office of Secretary of the Board, assisted by the Corporate Finance Department and other relevant departments, is responsible for the day-to-day management of the Company's disclosure obligations. It had established the Administration Rules on Information Disclosure, Rules on Conducting Connected Transactions, Administration Rules on Guarantees, Administration Rules on Financial Assistance, Administration Rules on Investor Relations, among other internal policies, and is responsible for monitoring the implementation of such policies. In addition, the Company continued to strengthen its communication with investors and potential investors. Details regarding the Company's investor relations in 2014 are set out in the section headed "Investor Relations" on page 82 of this annual report.

Internal Supervision

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

The Company's Internal Audit established 27 internal audit projects in 2014, which included 15 comprehensive internal audits for major business units and subsidiaries and 12 specialist audits for significant matters and complaints. Such internal audits enabled the Company to improve the Group's management, efficiency and internal control.

SENIOR MANAGEMENT

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

The responsibilities undertaken by the Senior Management include:

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

Senior Management Composition

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

The Senior Management composition during the year ended 31 December 2014 and up to the Latest Practicable Date is set out below:

President

Mr. Wang Haibo

Executive Vice Presidents

Mr. Cao Zhigang
Mr. Wu Kai

Vice Presidents

Mr. Liu Wei
Mr. Yang Hua
Ms. Ma Jinru
Mr. Zhou Yunzhi (appointed on 31 March 2014)
Mr. Wang Xiangming (resigned on 25 April 2014)

Secretary of the Board

Ms. Ma Jinru

Chief Financial Officer

Mr. Huo Changbao

Chief Engineer

Mr. Liu He

The profiles of the Senior Management in office as at 31 December 2014 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report.

Shares Held by Senior Management

Based on information known to the Company, as at 31 December 2014, details of Senior Management who hold shares in the Company are set out below:

Name	Position	Date of Appointment	Share Category	Number of Shares
Mr. Wang Haibo[1]	President	26 June 2013	–	–
Mr. Cao Zhigang[1]	Executive Vice President	26 June 2013	A Shares	9,368,024
Mr. Wu Kai[1]	Executive Vice President	26 June 2013	–	–
Mr. Huo Changbao[1]	Chief Financial Officer	26 June 2013	–	–
Ms. Ma Jinru[1]	Vice President and Secretary of the Board	26 June 2013	–	–
Mr. Zhou Yunzhi[1]	Vice President	21 March 2014	–	–
Mr. Liu Wei[1]	Vice President	26 June 2013	–	–
Mr. Yang Hua[1]	Vice President	26 June 2013	–	–
Mr. Liu He[2]	Chief Engineer	26 June 2013	–	–

Notes:

1. Each of Mr. Wang Haibo, Mr. Cao Zhigang, Mr. Wu Kai, Mr Liu Wei, Mr. Yang Hua, Ms. Ma Jinru, Mr. Zhou Yunzhi and Mr. Huo Changbao entered into a Subscription Agreement with the Company on 2 September 2014 pursuant to such agreements Mr. Wang Haibo, Mr. Cao Zhigang, Mr. Wu Kai, Mr Liu Wei, Ms. Ma Jinru, Mr. Zhou Yunzhi and Mr. Huo Changbao have agreed to subscribe 550,000 A Shares each and Mr. Yang Hua has agreed to subscribe 400,000 A Shares. The Subscription Agreements and the subscription contemplated thereunder have been approved by the Shareholders at an extraordinary general meeting of the Company pending approval from the CSRC, therefore the subscriptions under the Subscription Agreements have not completed. Details of such subscriptions are set out in the section headed "Connected Transactions" on page 59 of this annual report.

2. Haitong Asset Management, being the manager of the Haitong-Goldwind Asset Management Plan I, entered into a Subscription Agreement with the Company on 2 September 2014 pursuant to which Haitong Asset Management subscribed for a total of 17,140,000 A Shares. The agreement and the subscription contemplated thereunder have been approved by the Shareholders at an extraordinary general meeting of the Company but certain other conditions precedent for completion, inter alia, approval from the CSRC are still pending, therefore the subscription under such agreements has not completed. Mr. Liu He, one of the Senior Management, is a participant of the Haitong-Goldwind Asset Management Plan with regard to a total of 500,000 A Shares, under the SFO, Mr. Liu He was deemed to be interested in these 500,000 A Shares.

Remuneration of Directors, Supervisors and Senior Management

For the year ended 31 December 2014, the basic information of Directors, Supervisors and Senior Management is set out below:

Unit: ten thousands

Name	Position	Total Remuneration received from the Company during the Reporting Period
Mr. Wu Gang	Chairman	204.24
Mr. Li Ying	Vice Chairman	–
Mr. Wang Haibo	Executive Director and President	342.93
Mr. Cao Zhigang	Executive Director and Executive Vice President	313.88
Ms. Hu Yang	Non-executive Director	–
Mr. Yu Shengjun	Non-executive Director	–
Dr. Tin Yau Kelvin Wong	Independent Non-executive Director	20.04
Mr. Yang Xiaosheng	Independent Non-executive Director	20.04
Mr. Luo Zhenbang	Independent Non-executive Director	20.04
Mr. Wang Mengqiu	Chairman of the Supervisory Committee	–
Mr. Wang Shiwei	Supervisor	–
Mr. Luo Jun	Supervisor	–
Ms. Zhang Xiaotao	Supervisor	117.83
Mr. Xiao Zhiping	Supervisor	259.8
Mr. Wu Kai	Executive Vice President	294.45
Mr. Huo Changbao	Chief Financial Officer	277.99
Ms. Ma Jinru	Vice President and Secretary of the Board	274.54
Mr. Zhou Yunzhi[1]	Vice President	266.65
Mr. Liu Wei	Vice President	274.1
Mr. Yang Hua	Vice President	223.61
Mr. Liu He	Chief Engineer	216.4
Mr. Wang Xiangming[2]	Vice President	26.43

Notes:

1. Mr. Zhou Yunzhi was appointed as the vice president of the Company on 21 March 2014.

2. Mr. Wang Xiangming resigned as the vice president of the Company on 25 April 2014.

Company Secretary

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

Ms. Ma Jinru participated in approximately 40 hours of relevant professional training during the year ended 31 December 2014 relating to, among others, regulatory updates, corporate governance and business and market related topics of the Company and our industry in order to develop and refresh her knowledge and skills.

AUDITORS

Ernst & Young and Ernst & Young Hua Ming LLP were re-appointed as the Company's auditors for the financial year ended 31 December 2014. The Audit Committee reviewed and confirmed the auditors' independence and that there were no relationships between the auditors and the Company which may reasonably be thought to bear on their independence.

The services received from our auditors and the respective fees payable (excluding tax) by the Company for the financial year ended 31 December 2014 are set out below:

Unit: RMB million

Service	Year ended 31 December 2014	2013
Audit		
Audit of annual report and other related services	**5.25**	5.06
Audit of internal control	**0.47**	0.47
Non-audit		
Review of interim report	**1.56**	1.68
Total	**7.28**	7.21

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

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

The Directors' and auditor's responsibilities for the Financial Statements are set out in the section headed "Independent Auditor's Report" on page 88 of this annual report.

INVESTOR RELATIONS

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

In 2014, the Company strictly complied with its disclosure obligations, improved its communications with investors, and strived to provide investors with a fair and transparent investment environment. During the same period, the Company's Investor Relations division organised two results announcement road shows and four results announcement telephone conferences, and accommodated 82 investor visits. The Company hosted a total of 1,000 investors through such events.

Environmental, Social and Governace Report

Throughout the history of Goldwind, we received continued support from the government, shareholders and other stakeholders which enabled us to remain profitable. At the same time, the Group is also committed to contributing to society and strives to adhere to the highest standards of corporate citizenship. In the past year, the Group is committed to the fulfillment of corporate social responsibility by upholding the principles of business integrity, staff care and social contribution.

WORKPLACE ENVIRONMENT

While dedicating its efforts to the growth of corporate profitability, the Group is also committed to a people-oriented approach with an effort to provide our staff with a stable working environment. We have enhanced the sense of belonging, commitment and happiness of our staff, and see corporate development as being closely aligned with the employees' interests.

PROTECTING EMPLOYEES' VITAL INTERESTS

The Group upholds the principles of impartiality, fairness and merit-based employment, and constantly improves the criteria for personnel selection and appointment. Our systems for recruitment and job application formulated in accordance with the laws provide ample advancement opportunities for outstanding employees and effective guidance for their career development.

The Group has provided staff competitive remuneration as well as annual leave entitlements in accordance with the requirements of the Labor Law. The Group strictly observes national social security laws and regulations. We contribute to social insurance program for employees such as pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund. The Group not only has secured full-time staff members' salary benefits and career development, but also offered graduate job opportunities. The Group has made available a number of graduate trainee jobs. In addition to trainings offered to trainees, investment has been increased to raise trainees' salaries and benefits.

As at 31 December 2014, the Group had a total of 5,002 employees, categorised as follows:

Item	Category	Number of Staff	Percentage of Total
Profession	Technical	972	19.43%
	Production	887	17.73%
	Sales	260	5.20%
	Services	1,631	32.61%
	Management	1,057	21.13%
	Finance	195	3.90%
	Total	5,002	100%
Education Level	Master and above	581	11.62%
	Bachelor	2,187	43.72%
	College	1,513	30.25%
	Below College	721	14.41%
	Total	5,002	100%

PRODUCTION SAFETY

In adherence to the principle of equal emphasis on "management, equipment and training" and a "safety-first, prevention-based and comprehensive management" approach, the Group has set safety management and supervision as a top priority task in its production agenda and has sought to enhance employees' awareness on production safety and the ability of quick response to emergencies by formulating safe production guidelines, launching production safety training programs and holding production safety knowledge contests, etc.

In 2014, the Group did not experience any incidents of significant casualties, nor was there any incident that involved staff fatality.

STAFF DEVELOPMENT

One of key concerns of the Group is lifelong learning and career development of our employees, combining talent development with corporate development effectively. In line with our emphasis on sustainable development and vocational education and training, our Group has put in strong efforts to improve staff ability to coordinate, execute and innovate in production and the quality of their business, providing employees support and security in career development.

In 2014, the Group conducted theoretical and operational skill trainings for our various specialized operation personnel, in line with its special emphasis on the upgrade of professional skills of specialized operation personnel to establish a high-caliber team adapted to continuous learning. We provided systematic expertise training to technical personnel at all levels and effectively improved the Group's production capacity. We also arranged seminars on legal knowledge hosted by legal experts to enhance the legal awareness of our relevant staff.

The Group established Goldwind University at 28 September 2011 which is the first corporate university in China. In 2014, Goldwind University trained 1,148 persons, equivalent to 2,112 class hours, and invested RMB4 million for training in total.

COMPLIANCE WITH LABOR STANDARDS

The Group has always attached great importance to and complied with the international human rights and labor standards of which the Chinese government is a signatory. We resolutely prevent the occurrence of forced labor, employment discrimination and occupational discrimination.

Upon employment, an employee enters into a labor contract with the Group, and terms such as his/her job position, working hours, work protection and remuneration, etc will be specified in the said contract. The Group respects staff freedom in employment and resolutely refuses to restrict their personal freedom or direct forced labor during the period of employment by way of withholding wage payments or seizure of identification documents, etc. Upon resignation of an employee, we will not restrict their development for any reasons through any means. Since its inception, no incident of forced labor has occurred at the Group.

In addition, the Group stands resolutely against discrimination because of differences in gender, age, race, religion, etc. Since the inception of the Group, no incidents of discrimination relating to the employees have been reported.

ENVIRONMENTAL PROTECTION

Environmental protection and adaptation to climate change is one of the most compelling challenges of our time. The mission of the Group is to facilitate energy efficiency and emission reduction, promote harmonization of the enterprise with the society and environment in all respects for sustainable development, establishing the Group as an eco-friendly enterprise. The Group is an environment-friendly enterprise with low energy consumption and pollution levels. We have a long history of resolute pursuit of new industrialization through diligent research and development of new technologies, production equipment upgrades and clean energy applications, and have realized the co-accomplishment of economic, social and environmental benefits.

In 2014, our Renewable Energy Smart Micro-grid Demonstration Project has generated 2,600,000kWh green electricity and connected to the grid, which created additional economic value for Goldwind. Following 16 years of hard work, Goldwind's accumulated installed wind power capacity exceeded 24GW. This was equivalent to a savings of approximately 17.03 million tons of standard coal per year, reductions of carbon dioxide emissions by approximately 49.13 million tons, or planting approximately 26.85 million cubic meters of forest.

OPERATING PRACTICES

The Group has fulfilled the expectations and demands of relevant stakeholders by discharging the obligations to all stakeholders, incorporating the expectations of stakeholders and concept of creating comprehensive value into the course of our business operation.

SUPPLY CHAIN

The Group has been committed to the development of the supply chain construction, "loyalty", "transparency", "respect" and "integrity", is the basic idea of cooperation with the suppliers; "Advancing together hand in hand, mutually benefitting from one another, together helping each other, to create the future", is the working ideology of both the Group and suppliers.

In 2014, the Group classify, rate and file the suppliers through locking in high-quality and reliability, product quality control, duration of cooperation, the scope of cooperation and performance records. Currently, the Group has a number of regular suppliers, and we fixed suppliers via periodic evaluation of supplier performance, including inspection pass rate, on-time delivery rate, the price of additional shipping costs, production interruptions, feedback rate, quality impact on the Group's operations in order to standardize the procurement practices and ensure a fair, impartial, rigorous supplier selection process.

The Group established a sound standard for supplier selection and evaluation mechanisms, to develop the Company's *Purchasing Management Rules, Access Administration Rules and Evaluation Criteria for Suppliers, Evaluation System for Qualified Suppliers* and other relevant standards and regulations. Adhering to the *Procurement Transparency Agreement Letter* and *Company Personnel Purchasing Code of Conduct*, initiating and executing the Procurement Transparency, standardizes the Procurement behavior of the procurement staff, consciously resisting and eliminating all types of misconduct. The Group published the internal auditing department's phone number and email address to suppliers, in order to prevent the occurrence of any commercial bribery. In 2014, the Company did not find any in commercial bribery and other procurement misconducts.

PRODUCT QUALITY

The Group has always paid high attention to product quality. In 2014, there were no incidents of product recall for sold or delivered items due to safety and health reasons, nor did the Group receive any complaints about its products and services.

The safety management department of the Group continued to improve our quality control in 2014, adhering to "developing both inside and out, the source of control, service improvement, and management restructuring". We set specific targets and subsequently established plans of action and key performance indicators. We reviewed our quality control policies and procedures, and established an information platform for quality and safety control. These efforts provided considerable support towards improving our quality control and helping us to provide excellent quality products to our customers. The Group places a strong emphasis on the protection of consumers' interests. We persisted in the provision of customized services and roll out pre-sales, in-process and after-sales customer services on all fronts. Confidentiality agreements with customers are signed and strict protection of customer information is being provided. In 2014, we did not receive any complaints due to divulging consumers' private information.

SHAREHOLDERS AND BOND HOLDERS

Ordinary shares of the Company were publicly listed on SZSE in 2007 and the Stock Exchange in 2010 and Corporate Bonds were issued in 2012. The Company targeted improved corporate governance and compliance with laws, rules and regulations in 2013. The Company adhered to its disclosure principles in 2013 and efforts were made to ensure that the information disclosed by the Company were true, accurate and complete, and disclosures were made in a timely manner. The Company had established several internal policies relating to managing its disclosure obligations and, in 2013, introduced two additional policies to strengthen its compliance. Details are set out in the section headed "Disclosure" on page 77 of this annual report.

In addition to fulfilling the Company's compliance obligations, efforts were made in 2014 to improve communications between Shareholders and the Company. The Company already implemented its *Administration Rules on Investor Relations* and will periodically review and amend relevant provisions. The Company's Investor Relations division organised more investor visits and conferences in order to strengthen communication of the Company's business and financial performance to Shareholders. Details are set out in the section headed "Investor Relations" on page 82 of this annual report.

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

COMMUNITY INVOLVEMENT

While focusing on the delivery of economic benefits for the community, the Group is also resolved to repay the community with charitable acts, as testified by its long-term dedication to the cause of community welfare in an outreach to underprivileged groups that need help. The Group is committed to providing more employment opportunities and enabling these communities to develop with us. We invested much of our resources in China and abroad in 2014 and provided many employment opportunities and tax revenue for these communities. The Group paid more than RMB1,104.41 million in taxes in 2014.

The Group is devoted in particular to the welfare of such underprivileged groups as children and committed to educational development. In 2014, the Group has donated sports and computer equipment of RMB400 thousands to Kashi and Hetian regions of Xinjiang. The Group has donated T-shirts worth of RMB210,000 to the officers in the grass-root units and 20 sets of books and digital education courses to herdsman in poverty-stricken area. Goldwind has been involved in several public benefit activities of our industry, districts and organized students to visit the wind farms and etc.

As a responsible corporate citizen, we know that fulfilling social responsibility is our obligation and is essential to our long-term sustainability. We feel a strong sense of responsibility, and are proud to be able to drive social progress and create wealth. The Group will spare no effort to fulfill our social responsibility in order to realize sustainable development in terms of the corporate, staff, society, environment and etc.

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

We have audited the consolidated financial statements of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 90 to 219, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
27 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	5	17,572,601	12,196,240
Cost of sales		(13,006,194)	(9,741,963)
Gross profit		4,566,407	2,454,277
Other income and gains	5	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	7	(584,292)	(319,806)
Share of profits and losses of:			
Joint ventures	19	51,019	106,029
Associates	20	36,320	42,069
PROFIT BEFORE TAX	6	2,108,986	505,550
Income tax expense	9	(255,473)	(71,914)
PROFIT FOR THE YEAR		1,853,513	433,636
Attributable to:			
Owners of the parent		1,829,682	427,646
Non-controlling interests		23,831	5,990
		1,853,513	433,636
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		(87,912)	(103,785)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(165,584)	165,991

	Notes	2014 RMB'000	2013 RMB'000
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Net (loss)/gain on cash flow hedges		(18,081)	18,081
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(18,081)	18,081
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(183,665)	184,072
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,669,848	617,708
Total comprehensive income attributable to:			
Owners of the parent		1,646,017	611,718
Non-controlling interests		23,831	5,990
		1,669,848	617,708
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted	12	RMB0.68	RMB0.16

Consolidated Statement of Financial Position

31 December 2014

	Notes	As at 31 December 2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**10,481,778**	10,349,292
Investment properties	14	**76,593**	79,489
Prepaid land lease payments	15	**177,677**	123,861
Goodwill	16	**242,794**	311,674
Other intangible assets	17	**265,267**	369,226
Investments in joint ventures	19	**461,219**	506,529
Investments in associates	20	**456,076**	350,624
Available-for-sale investments	21	**827,777**	865,162
Deferred tax assets	22	**850,833**	714,170
Trade receivables	24	**1,514,030**	928,834
Prepayments, deposits and other receivables	25	**2,015,718**	211,739
Derivative financial instruments	31	**4,797**	–
Pledged deposits	26	**307,878**	266,240
Total non-current assets		**17,682,437**	15,076,840
CURRENT ASSETS			
Inventories	23	**3,649,585**	3,002,477
Trade and bills receivables	24	**11,294,246**	9,804,087
Prepayments, deposits and other receivables	25	**2,170,275**	2,095,790
Equity investment at fair value through profit or loss	30	**90,067**	–
Derivative financial instruments	31	**–**	116,840
Pledged deposits	26	**579,150**	134,337
Cash and cash equivalents	26	**9,528,460**	4,320,749
		27,311,783	19,474,280
Assets of a disposal group classified as held for sale	27	**783,106**	793,729
Total current assets		**28,094,889**	20,268,009
CURRENT LIABILITIES			
Trade and bills payables	28	**10,838,968**	9,066,852
Other payables and accruals	29	**3,854,209**	1,555,806
Interest-bearing bank loans and other borrowings	32	**5,857,702**	570,705
Tax payable		**230,025**	125,188
Provision	33	**832,534**	627,041
		21,613,438	11,945,592
Liabilities directly associated with the assets classified as held for sale	27	**706,323**	567,406
Total current liabilities		**22,319,761**	12,512,998
NET CURRENT ASSETS		**5,775,128**	7,755,011
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,457,565**	22,831,851

		As at 31 December	
		2014	2013
	Notes	**RMB'000**	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,457,565**	22,831,851
NON-CURRENT LIABILITIES			
Trade payables	28	**607,060**	397,206
Other payables	29	**57,957**	10,292
Derivative financial instruments	31	**–**	363
Interest-bearing bank loans and other borrowings	32	**6,022,749**	7,394,091
Deferred tax liabilities	22	**26,897**	31,558
Provision	33	**1,265,577**	970,889
Government grants	34	**244,218**	234,516
Deferred revenue		**6,098**	–
Total non-current liabilities		**8,230,556**	9,038,915
Net assets		**15,227,009**	13,792,936
EQUITY			
Equity attributable to owners of the parent			
Issued share capital	35	**2,694,588**	2,694,588
Reserves	36(a)	**10,995,366**	10,457,371
Proposed final dividend	11	**1,077,835**	215,567
		14,767,789	13,367,526
Non-controlling interests		**459,220**	425,410
Total equity		**15,227,009**	13,792,936

Wu Gang
Director

Wang Haibo
Director

Consolidated Statement of Changes 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 2013	2,694,588	7,991,256	–	532,871	1,687,212	(2,961)	–	(148,514)	148,202	12,902,654	382,971	13,285,625
Profit for the year	–	–	–	–	427,646	–	–	–	–	427,646	5,990	433,636
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investment, net of tax	–	–	–	–	–	269,776	–	–	–	269,776	–	269,776
Cash flow hedges, net of tax	–	–	–	–	–	–	18,081	–	–	18,081	–	18,081
Exchange differences on translations of foreign operations	–	–	–	–	–	–	–	(103,785)	–	(103,785)	–	(103,785)
Total comprehensive income for the year	–	–	–	–	427,646	269,776	18,081	(103,785)	–	611,718	5,990	617,708
Final 2012 dividend declared	–	–	–	–	–	–	–	–	(148,202)	(148,202)	–	(148,202)
Profit appropriation to reserves	–	–	–	53,295	(53,295)	–	–	–	–	–	–	–
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(8,440)	(8,440)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	28,700	28,700
Disposal of shares to non-controlling shareholders	–	1,356	–	–	–	–	–	–	–	1,356	16,189	17,545
Proposed final 2013 dividend	–	–	–	–	(215,567)	–	–	–	215,567	–	–	–
Transfer to special reserve	–	–	25,998	–	–	–	–	–	–	25,998	–	25,998
Special reserve utilised	–	–	(25,998)	–	–	–	–	–	–	(25,998)	–	(25,998)
As at 31 December 2013	2,694,588	*7,992,612	–	*586,166	*1,845,996	*266,815	*18,081	*(252,299)	215,567	13,367,526	425,410	13,792,936

	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	2,694,588	*7,962,425	–	*652,350	*2,531,659	*189,143	–	*(340,211)	1,077,835	14,767,789	459,220	15,227,009

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

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	7	584,292	319,806
Bank interest income		(15,143)	(2,615)
Share of profits and losses of joint ventures	19	(51,019)	(106,029)
Share of profits and losses of associates	20	(36,320)	(42,069)
Depreciation	6	375,159	176,450
Amortisation of prepaid land lease payments	6	3,736	2,628
Amortisation of other intangible assets	6	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	5	(20,000)	(118,022)
Gain on disposal of a business	5	(333,149)	–
Gain on disposals of joint ventures	5	–	(15,833)
Gain on disposal of an associate	5	(604)	–
Gain on disposal of available-for-sale investments	5	(98,268)	(85,992)
Dividend income from available-for-sale investments	5	(5,968)	(1,879)
Gain on other investments		(14,469)	(9,047)
Net fair value gain on derivative financial instruments	5	(1,469)	(3,566)
Impairment of trade and other receivables	6	13,348	85,963
Write-down of inventories to net realisable value	6	109,797	47,671
Government grants		(7,451)	(6,057)
		2,669,255	799,176
(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		10,859	8,020
Cash generated from operations		3,226,181	2,207,012
Income tax paid		(396,797)	(276,963)
Net cash flows from operating activities		2,829,384	1,930,049

	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	39	605,047	–
Disposals of assets held for sale		57,020	70,000
Cash and cash equivalents included in assets held for sale	27	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		131,553	9,110
Net cash flows used in investing activities		(1,674,741)	(6,077,237)
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 financing activities		4,134,920	1,838,836
NET 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	26	9,523,826	4,276,301

Company
Statement of Financial Position

31 December 2014

	Notes	As at 31 December 2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	154,355	169,899
Investment properties	14	67,079	69,217
Prepaid land lease payments	15	21,317	21,875
Other intangible assets	17	42,847	95,239
Investments in subsidiaries	18	9,616,621	6,598,761
Investments in associates	20	59,000	54,000
Deferred tax assets	22	373,127	299,155
Trade receivables	24	1,080,847	533,591
Prepayments, deposits and other receivables	25	2,502	2,171
Pledged deposits	26	172,736	163,463
Total non-current assets		11,590,431	8,007,371
CURRENT ASSETS			
Inventories	23	1,475,218	1,382,431
Trade and bills receivables	24	7,513,496	8,510,521
Prepayments, deposits and other receivables	25	2,386,965	5,166,644
Pledged deposits	26	476,040	–
Cash and cash equivalents	26	7,101,762	2,527,492
Total current assets		18,953,481	17,587,088
CURRENT LIABILITIES			
Trade and bills payables	28	7,360,265	6,855,895
Other payables and accruals	29	3,073,358	1,677,046
Interest-bearing bank loans and other borrowings	32	5,049,431	88,405
Tax payable		117,564	36,685
Provision	33	682,554	525,077
Total current liabilities		16,283,172	9,183,108
NET CURRENT ASSETS		2,670,309	8,403,980
TOTAL ASSETS LESS CURRENT LIABILITIES		14,260,740	16,411,351

	Notes	As at 31 December 2014 RMB'000	2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,260,740**	16,411,351
NON-CURRENT LIABILITIES			
Trade payables	28	**568,550**	372,587
Interest-bearing bank loans and other borrowings	32	**–**	2,988,940
Provision	33	**958,956**	769,505
Government grants	34	**128,293**	123,032
Total non-current liabilities		**1,655,799**	4,254,064
Net assets		**12,604,941**	12,157,287
EQUITY			
Issued share capital	35	**2,694,588**	2,694,588
Reserves	36(b)	**8,832,518**	9,247,132
Proposed final dividend	11	**1,077,835**	215,567
Total equity		**12,604,941**	12,157,287

Wu Gang
Director

Wang Haibo
Director

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 disclosure 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, except for certain financial assets as further explained in note 2.4 to the financial statements. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. 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 PRESENTATION (continued)

Basis of consolidation (continued)

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following 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)	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC-Int 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective IFRSs*

[1] Effective from 1 July 2014

Except for the amendment to IFRS 1 which is only relevant to an entity's first IFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

a) Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in IFRS 10.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

b) The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

c) The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

d) The IAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

e) IFRIC-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of IFRIC-Int 21.

f) The IFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

g) The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

h) The IFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED IFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	*Amendments to a number of HKFRSs*[1]
Annual Improvements 2011-2013 Cycle	*Amendments to a number of HKFRSs*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*[2]
Amendments to IAS 1	*Disclosure Initiative*[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[2]

[1] Effective for annual periods beginning on or after 1 July 2014

[2] Effective for annual periods beginning on or after 1 January 2016

[3] Effective for annual periods beginning on or after 1 January 2017

[4] Effective for annual periods beginning on or after 1 January 2018

[5] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2.3 NEW AND REVISED IFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. The Group expects to adopt IFRS 15 on 1 January 2017 and is currently assessing the impact of IFRS 15 upon adoption.

2.3 NEW AND REVISED IFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle* issued in December 2013, and the *Annual Improvements to IFRSs 2012-2014 Cycle* issued in September 2014 set out amendments to a number of IFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

IFRS 8 Operating Segments: Clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

Fair value measurement

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

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

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

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

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

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

Investment properties

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets and disposal groups held for sale

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

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

Intangible assets (other than goodwill)

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

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

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

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

Research and development costs

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial investments

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at cost

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

Available-for-sale financial investments

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

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

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

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

Financial guarantee contracts

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

- hedges of a net investment in a foreign operation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

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

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

Fair value hedges

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

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

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

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

Current versus non-current classification

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

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

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

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

Inventories

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

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

Provisions

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

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

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

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

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

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

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

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

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

Revenue recognition

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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

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

Construction contracts

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

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

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

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

Borrowing costs

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

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

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

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates for the year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

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

Employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Defined contribution plans

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

Short-term employee benefits

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Assets or a disposal group held for sale classification

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Judgement is made to determine whether the sale of the asset (or disposal group) is highly probable to make the asset (or disposal group) can be classified as held for sale.

Estimation uncertainty

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

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

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

The carrying amount of property, plant and equipment as at 31 December 2014 was approximately RMB10,481,778,000 (31 December 2013: RMB10,349,292,000). More details are given in note 13.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2014 was approximately RMB242,794,000 (31 December 2013: RMB311,674,000). More details are given in note 16.

Current income tax

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

The carrying amount of tax payable as at 31 December 2014 was RMB230,025,000 (31 December 2013: RMB125,188,000).

Deferred income tax

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

The carrying amount of deferred tax assets as at 31 December 2014 was RMB850,833,000 (31 December 2013: RMB714,170,000). More details are given in note 22.

The carrying amount of deferred tax liabilities as at 31 December 2014 was RMB26,897,000 (31 December 2013: RMB31,558,000). More details are given in note 22.

Impairment of trade and bills receivables

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

The carrying amount of trade and bills receivables as at 31 December 2014 was RMB12,808,276,000 (31 December 2013: RMB10,732,921,000). More details are given in note 24.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Warranty provision

Provision for product warranties given by the Group for certain products are recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate. At 31 December 2014, the best estimate of the carrying amount of warranty provision was RMB2,098,111,000 (31 December 2013: RMB1,597,930,000). More details are given in note 33.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has 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;

(c) The wind farm development segment engages in the development of wind farms, which consists of wind power generation service provided by the Group's wind farms as well as the sale of wind farms, if appropriate; and

(d) 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.

4. 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	869,193	216,809	2,903	1,100	(1,090,005)	–
Total revenue	16,572,764	866,212	1,171,924	51,706	(1,090,005)	17,572,601
Segment results	1,740,437	23,932	784,193	146,919	(65,366)	2,630,115
Interest income	53,785	176	8,073	1,167	(38)	63,163
Finance costs	(251,653)	–	(320,017)	(12,622)	–	(584,292)
Profit before tax	1,542,569	24,108	472,249	135,464	(65,404)	2,108,986
Segment assets	36,270,463	1,216,952	18,090,589	2,506,372	(12,307,050)	45,777,326
Segment liabilities	20,944,461	562,672	11,113,418	1,119,991	(3,190,225)	30,550,317
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	(111,788)	(35)	–	–	–	(111,823)
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

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2013

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	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	3,525,441	183,707	–	–	(3,709,148)	–
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	(222,933)	–	(134,694)	–	37,821	(319,806)
Profit before tax	799,523	24,222	(1,172)	34,914	(351,937)	505,550
Segment assets	29,259,395	699,728	15,949,410	1,249,238	(11,812,922)	35,344,849
Segment liabilities	14,745,444	380,676	12,359,722	48,619	(5,982,548)	21,551,913
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.

4. 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	1,849,175	1,361,386
	17,572,601	12,196,240

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	831,538	702,672
	13,102,541	12,175,318

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.

5. REVENUE, OTHER INCOME AND GAINS

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

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

	Notes	2014 RMB'000	2013 RMB'000
Revenue			
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		50,606	16,951
		17,572,601	12,196,240
Other income			
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		30,155	20,946
		298,892	176,700
Gains			
Gain on disposals of subsidiaries, including wind farm project companies	38	20,000	118,022
Gain on disposals of a business	39	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		31,371	18,478
		494,929	242,318
Total other income and gains		793,821	419,018

6. 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	13	372,263	173,554
Investment properties	14	2,896	2,896
		375,159	176,450
Amortisation of prepaid land lease payments	15	3,736	2,628
Amortisation of other intangible assets	17	55,315	52,286
		59,051	54,914
Impairment of trade and bills receivables	24	95,653	145,614
Reversal of impairment of trade and bills receivables	24	(111,823)	(75,702)
Impairment of prepayments, deposits and other receivables	25	29,518	16,055
Reversal of impairment of prepayments, deposits and other receivables	25	–	(4)
		13,348	85,963
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		120,900	94,592
		994,307	681,400

6. PROFIT BEFORE TAX (continued)

	Notes	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		**224,083**	129,929
		417,398	274,255
Government grants (note (c))		**(86,970)**	(36,893)
Product warranty provision:			
Additional provision	33	**949,631**	517,859
Reversal of unutilised provision	33	**(100,497)**	(46,812)
		849,134	471,047
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.

7. 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	**203,329**	162,652
	685,189	457,340
Less: Interest capitalised (note 13)	**(100,897)**	(137,534)
	584,292	319,806

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

(a) Directors' and supervisors' remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014 RMB'000	2013 RMB'000
Fees	**600**	534
Other emoluments:		
– Salaries, allowances and benefits in kind	**4,768**	3,648
– Performance-related bonuses	**7,434**	3,603
– Pension scheme contributions (defined contribution scheme)	**187**	165
	12,989	7,950

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

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

The names of the directors of the Company (the "Directors"), and supervisors of the Company (the "Supervisors") and their remuneration for the year are as follows:

Year ended 31 December 2014

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance – related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Wu Gang (the chief executive)	–	936	1,080	27	2,043
Wang Haibo	–	1,321	2,069	40	3,430
Cao Zhigang	–	1,190	1,909	40	3,139
	–	3,447	5,058	107	8,612
Non-executive directors					
Li Ying	–	–	–	–	–
Hu Yang	–	–	–	–	–
Yu Shengjun	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Tin Yau Kelvin Wong	200	–	–	–	200
Luo Zhenbang	200	–	–	–	200
Yang Xiaosheng	200	–	–	–	200
	600	–	–	–	600
Supervisors					
Xiao Zhiping	–	797	1,761	40	2,598
Zhang Xiaotao	–	524	615	40	1,179
Wang Mengqiu	–	–	–	–	–
Luo Jun	–	–	–	–	–
Wang Shiwei	–	–	–	–	–
	–	1,321	2,376	80	3,777
	600	4,768	7,434	187	12,989

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

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

Year ended 31 December 2013

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance – related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Wu Gang (the chief executive)	–	810	870	24	1,704
Wang Haibo	–	920	1,092	36	2,048
Cao Zhigang**	–	874	793	33	1,700
	–	2,604	2,755	93	5,452
Non-executive directors					
Li Ying	–	–	–	–	–
Hu Yang	–	–	–	–	–
Yu Shengjun**	–	–	–	–	–
Ji Dongmei*	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Tin Yau Kelvin Wong	200	–	–	–	200
Luo Zhenbang**	117	–	–	–	117
Yang Xiaosheng**	117	–	–	–	117
Shi Pengfei*	100	–	–	–	100
Wang Yousan*	–	–	–	–	–
	534	–	–	–	534
Supervisors					
Xiao Zhiping	–	538	508	36	1,082
Zhang Xiaotao	–	506	340	36	882
Wang Mengqiu	–	–	–	–	–
Luo Jun	–	–	–	–	–
Wang Shiwei	–	–	–	–	–
	–	1,044	848	72	1,964
	534	3,648	3,603	165	7,950

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

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

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

(b) Five highest paid employees

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

	2014	2013
Directors	2	2
Non-director, non-supervisor and non-chief executive employees	3	3
	5	5

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

	2014 RMB'000	2013 RMB'000
Salaries, allowances and benefits in kind	3,288	2,505
Performance related bonuses	5,064	2,751
Pension scheme contributions	119	108
	8,471	5,364

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

	2014	2013
HK$2,000,001 to HK$3,000,000	–	3
HK$3,000,001 to HK$4,000,000	3	–
	3	3

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

9. INCOME TAX EXPENSE

The Company has been identified as a "high and new technology enterprise" and was entitled to a preferential income tax at a rate of 15% for the three years ended 31 December 2014 in accordance with the PRC Corporate Income Tax Law. As the certification of high and new technology enterprise will expire in May 2015, the Company is in process of applying a 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	**17,415**	18,860
	393,186	277,275
Deferred (note 22)	**(137,713)**	(205,361)
Tax charge for the year	**255,473**	71,914

9. INCOME TAX EXPENSE (continued)

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

	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	14,748	29,478
Tax charge for the year at the effective rate	255,473	71,914

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of approximately RMB663,261,000 (2013: RMB524,811,000), which has been dealt with in the financial statements of the Company (note 36(b)).

11. DIVIDENDS

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

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

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE 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
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	1,829,682	427,646

	Number of shares 2014	 2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	2,694,588,000	2,694,588,000

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Year ended 31 December 2014					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2014	844,228	2,512,245	69,284	241,251	7,132,270	10,799,278
Additions	5,923	113,739	14,004	42,397	1,912,467	2,088,530
Disposals	–	(15,502)	(7,048)	(6,948)	–	(29,498)
Acquisition of subsidiaries (note 37)	–	–	203	143	7,009	7,355
Disposals of subsidiaries (note 38)	–	–	–	–	(222)	(222)
Disposal of a business (note 39)	–	–	–	(1,020)	(1,551,084)	(1,552,104)
Transfers	12,647	5,172,738	–	6,439	(5,191,824)	–
Exchange realignment	(20,908)	(10,972)	(2,116)	(13,081)	8,242	(38,835)
At 31 December 2014	841,890	7,772,248	74,327	269,181	2,316,858	11,274,504
Accumulated depreciation and impairment:						
At 1 January 2014	(75,588)	(242,433)	(20,115)	(111,850)	–	(449,986)
Depreciation charge for the year (note 6)	(23,074)	(306,514)	(9,055)	(33,620)	–	(372,263)
Disposals	–	10,698	3,190	5,020	–	18,908
Acquisition of subsidiaries (note 37)	–	–	(122)	(90)	–	(212)
Disposal of a business (note 39)	–	–	–	901	–	901
Exchange realignment	2,060	2,278	604	4,984	–	9,926
At 31 December 2014	(96,602)	(535,971)	(25,498)	(134,655)	–	(792,726)
Net carrying amount:						
At 31 December 2014	745,288	7,236,277	48,829	134,526	2,316,858	10,481,778
At 1 January 2014	768,640	2,269,812	49,169	129,401	7,132,270	10,349,292

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Year ended 31 December 2013					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2013	807,308	1,593,933	58,028	182,643	3,039,028	5,680,940
Additions	15,353	45,992	15,926	55,722	5,810,592	5,943,585
Disposals	–	(3,673)	(3,233)	(815)	–	(7,721)
Disposals of subsidiaries (note 38)	–	–	–	–	(1,511)	(1,511)
Transfers	20,499	1,514,326	85	4,462	(1,539,372)	–
Transferred to assets of a disposal group classified as held for sale (note 27)	–	(624,702)	(1,265)	(729)	–	(626,696)
Exchange realignment	1,068	(13,631)	(257)	(32)	(176,467)	(189,319)
At 31 December 2013	844,228	2,512,245	69,284	241,251	7,132,270	10,799,278
Accumulated depreciation and impairment:						
At 1 January 2013	(52,573)	(167,451)	(13,698)	(80,797)	–	(314,519)
Depreciation charge for the year (note 6)	(22,905)	(110,584)	(8,225)	(31,840)	–	(173,554)
Disposals	–	4,073	1,397	467	–	5,937
Transferred to assets of a disposal group classified as held for sale (note 27)	–	31,380	377	220	–	31,977
Exchange realignment	(110)	149	34	100	–	173
At 31 December 2013	(75,588)	(242,433)	(20,115)	(111,850)	–	(449,986)
Net carrying amount:						
At 31 December 2013	768,640	2,269,812	49,169	129,401	7,132,270	10,349,292
At 1 January 2013	754,735	1,426,482	44,330	101,846	3,039,028	5,366,421

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Year ended 31 December 2014					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2014	93,299	156,266	8,792	35,491	127	293,975
Additions	–	6,192	124	2,137	1,557	10,010
Disposals	–	(14,763)	(5,886)	(1,747)	–	(22,396)
At 31 December 2014	93,299	147,695	3,030	35,881	1,684	281,589
Accumulated depreciation:						
At 1 January 2014	(15,981)	(82,570)	(3,541)	(21,984)	–	(124,076)
Depreciation charge for the year	(2,561)	(12,168)	(1,078)	(3,459)	–	(19,266)
Disposals	–	12,550	1,856	1,702	–	16,108
At 31 December 2014	(18,542)	(82,188)	(2,763)	(23,741)	–	(127,234)
Net carrying amount:						
At 31 December 2014	74,757	65,507	267	12,140	1,684	154,355
At 1 January 2014	77,318	73,696	5,251	13,507	127	169,899

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Year ended 31 December 2013					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2013	92,919	158,727	9,688	32,276	6,949	300,559
Additions	380	667	596	3,342	11,803	16,788
Disposals	–	(21,668)	(1,577)	(127)	–	(23,372)
Transfers	–	18,540	85	–	(18,625)	–
At 31 December 2013	93,299	156,266	8,792	35,491	127	293,975
Accumulated depreciation:						
At 1 January 2013	(13,429)	(71,399)	(3,326)	(18,310)	–	(106,464)
Depreciation charge for the year	(2,552)	(15,137)	(1,330)	(3,781)	–	(22,800)
Disposals	–	3,966	1,115	107	–	5,188
At 31 December 2013	(15,981)	(82,570)	(3,541)	(21,984)	–	(124,076)
Net carrying amount:						
At 31 December 2013	77,318	73,696	5,251	13,507	127	169,899
At 1 January 2013	79,490	87,328	6,362	13,966	6,949	194,095

The carrying amounts of construction in progress of the Group included capitalised interest of approximately RMB100,897,000 (2013: RMB137,534,000) charged for the year 2014 prior to being transferred to buildings, machinery, vehicles and equipment (note 7).

As at 31 December 2014, the Group has no buildings for which they are applying for the title certificates (31 December 2013: RMB25,559,000).

As at 31 December 2014, certain of the Group's property, plant and equipment, including the assets of a disposal group classified as held for sale in the consolidated statement of financial position, with a carrying value of approximately RMB6,600,372,000 (31 December 2013: RMB4,687,352,000) were pledged to secure certain of the Group's bank loans (note 32).

14. INVESTMENT PROPERTIES

Group

	2014 RMB'000	2013 RMB'000
Cost:		
At beginning and end of the year	97,997	97,997
Accumulated depreciation:		
At beginning of the year	(18,508)	(15,612)
Depreciation charge for the year (note 6)	(2,896)	(2,896)
At end of the year	(21,404)	(18,508)
Net carrying amount:		
At end of the year	76,593	79,489
At beginning of the year	79,489	82,385

Company

	2014 RMB'000	2013 RMB'000
Cost:		
At beginning and end of the year	82,041	82,041
Accumulated depreciation:		
At beginning of the year	(12,824)	(10,686)
Depreciation charge for the year	(2,138)	(2,138)
At end of the year	(14,962)	(12,824)
Net carrying amount:		
At end of the year	67,079	69,217
At beginning of the year	69,217	71,355

14. INVESTMENT PROPERTIES (continued)

The Group's investment properties consist of one commercial and one industrial property in Mainland China. The Directors have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were valued on 31 December 2014 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers, at RMB193,481,000 (31 December 2013: RMB190,637,000). The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 42(a) to the financial statements.

Fair value hierarchy

The fair value measurement hierarchy of the Group's investment properties is as follows:

31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Industrial property	**–**	**–**	**149,261**	**149,261**
Commercial property	**–**	**–**	**44,220**	**44,200**
	–	**–**	**193,481**	**193,481**

31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Industrial property	–	–	146,780	146,780
Commercial property	–	–	43,857	43,857
	–	–	190,637	190,637

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

The industrial property located in Xinjiang was valued by the cost approach with the reference to its depreciated replacement cost. It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacing an asset with its modern equivalent asset of the improvements, less the deductions for physical deterioration and all relevant forms of obsolescence and optimization. The commercial property located in Beijing was valued by the comparison approach by making reference to comparable market transactions. Comparison approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

15. PREPAID LAND LEASE PAYMENTS

Group

	2014 RMB'000	2013 RMB'000
Carrying amount at beginning of the year	123,861	108,402
Additions	57,552	18,087
Amortisation for the year (note 6)	(3,736)	(2,628)
Carrying amount at end of the year	177,677	123,861

Company

	2014 RMB'000	2013 RMB'000
Carrying amount at beginning of the year	21,875	22,433
Amortisation for the year	(558)	(558)
Carrying amount at end of the year	21,317	21,875

As at 31 December 2014, certain of the Group's land use rights with a carrying value of approximately RMB71,467,000 (31 December 2013: RMB23,042,000) were pledged to secure certain of the Group's bank loans (note 32).

The leasehold land are mainly situated in Mainland China. As at 31 December 2014, certain of the Group's leasehold land with a carrying value of RMB170,826,000 (31 December 2013: RMB116,804,000) is held under a long term lease, and RMB6,851,000 (31 December 2013: RMB7,057,000) is held under a medium term lease.

16. GOODWILL

Group

	2014 RMB'000	2013 RMB'000
Cost and carrying amount at beginning of the year	**311,674**	310,848
Disposal of a business (note 39)	**(44,399)**	–
Exchange realignment	**(24,481)**	826
Cost and carrying amount at end of the year	**242,794**	311,674

Goodwill acquired through a business combination in 2008 in the amount of approximately RMB187,538,000 as at 31 December 2014 has been allocated to the wind turbine generator manufacturing and sale cash-generating unit, which is a reportable segment, for impairment testing.

The recoverable amount of the wind turbine generator manufacturing and sale cash-generating unit has been determined based on a value in use calculation using cash flow projections based on a financial budget covering a three-year period approved by senior management. The discount rate applied to the cash flow projections is 10.75% (2013: 10.87%).The growth rate used to extrapolate the cash flow of the the wind turbine generator manufacturing and sale cash-generating unit beyond the three-year period is 2% (2013: 2%). Senior management of the Company believes that this growth rate is justified.

Assumptions were used in the value in use calculation of the wind turbine generator manufacturing and sale cash-generating unit for 31 December 2014 and 2013. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

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

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

The values assigned to the key assumptions on market development of the wind turbine generation manufacturing and sales and discount rate are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

Group

	Year ended 31 December 2014				
	Technology licence RMB'000	Office software RMB'000	Patents and technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2014	18,172	50,944	459,468	77,335	605,919
Additions	851	8,717	–	24,768	34,336
Disposals	–	–	–	(75,498)	(75,498)
Exchange realignment	–	(566)	(7,876)	–	(8,442)
At 31 December 2014	19,023	59,095	451,592	26,605	556,315
Accumulated amortisation:					
At 1 January 2014	(9,132)	(21,287)	(206,274)	–	(236,693)
Amortisation for the year (note 6)	(2,322)	(6,778)	(46,215)	–	(55,315)
Exchange realignment	–	12	948	–	960
At 31 December 2014	(11,454)	(28,053)	(251,541)	–	(291,048)
Net carrying amount:					
At 31 December 2014	7,569	31,042	200,051	26,605	265,267
At 1 January 2014	9,040	29,657	253,194	77,335	369,226

17. OTHER INTANGIBLE ASSETS (continued)

Group

	Year ended 31 December 2013				
	Technology licence RMB'000	Office software RMB'000	Patents and technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2013	16,726	38,789	295,601	259,478	610,594
Additions	1,446	12,139	–	16,648	30,233
Disposals	–	(1)	–	(26,004)	(26,005)
Transferred to assets of a disposal group classified as held for sale (note 27)	–	(29)	–	–	(29)
Transfer	–	–	160,319	(160,319)	–
Transferred to property, plant and equipment	–	–	–	(12,468)	(12,468)
Exchange realignment	–	46	3,548	–	3,594
At 31 December 2013	18,172	50,944	459,468	77,335	605,919
Accumulated amortisation:					
At 1 January 2013	(6,940)	(15,896)	(159,022)	–	(181,858)
Amortisation for the year (note 6)	(2,192)	(5,354)	(44,740)	–	(52,286)
Transferred to assets of a disposal group classified as held for sale (note 27)	–	10	–	–	10
Exchange realignment	–	(47)	(2,512)	–	(2,559)
At 31 December 2013	(9,132)	(21,287)	(206,274)	–	(236,693)
Net carrying amount:					
At 31 December 2013	9,040	29,657	253,194	77,335	369,226
At 1 January 2013	9,786	22,893	136,579	259,478	428,736

17. OTHER INTANGIBLE ASSETS (continued)

Company

	Year ended 31 December 2014				
	Technology licence RMB'000	Office software RMB'000	Patents and technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2014	18,172	27,998	4,220	67,811	118,201
Additions	851	9,779	–	18,124	28,754
Disposals	–	–	–	(75,499)	(75,499)
At 31 December 2014	19,023	37,777	4,220	10,436	71,456
Accumulated amortisation:					
At 1 January 2014	(9,132)	(11,862)	(1,968)	–	(22,962)
Amortisation for the year	(2,323)	(2,902)	(422)	–	(5,647)
At 31 December 2014	(11,455)	(14,764)	(2,390)	–	(28,609)
Net carrying amount:					
At 31 December 2014	7,568	23,013	1,830	10,436	42,847
At 1 January 2014	9,040	16,136	2,252	67,811	95,239

17. OTHER INTANGIBLE ASSETS (continued)

Company

	Year ended 31 December 2013				
	Technology licence RMB'000	Office software RMB'000	Patents and technology know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost:					
At 1 January 2013	16,726	25,449	4,220	91,569	137,964
Additions	1,446	2,549	–	11,089	15,084
Disposals	–	–	–	(26,004)	(26,004)
Transferred to property, plant and equipment	–	–	–	(8,843)	(8,843)
At 31 December 2013	18,172	27,998	4,220	67,811	118,201
Accumulated amortisation:					
At 1 January 2013	(6,940)	(9,279)	(1,476)	–	(17,695)
Amortisation for the year	(2,192)	(2,583)	(492)	–	(5,267)
At 31 December 2013	(9,132)	(11,862)	(1,968)	–	(22,962)
Net carrying amount:					
At 31 December 2013	9,040	16,136	2,252	67,811	95,239
At 1 January 2013	9,786	16,170	2,744	91,569	120,269

18. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Unlisted investments, at cost	**9,616,621**	6,598,761

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB2,563,858,000 (31 December 2013: RMB8,103,779,000) and RMB2,003,287,000 (31 December 2013: RMB1,818,662,000), respectively, are unsecured, non-interest-bearing and are repayable on demand or within one year, except for the amount due from Tianxin International Leasing Co., Ltd. of RMB657,650,000 (31 December 2013: Beijing Tianrun New Energy Investment Co., Ltd. of RMB1,111,044,000) which is unsecured and repayable in one year with an effective interest rates of 5.60%-6.15% (31 December 2013: 2.62%).

18. INVESTMENTS IN SUBSIDIARIES (continued)

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

Company name*	Place and date of incorporation/ place of business**	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd. (北京金風科創風電設備有限公司)	The PRC/Mainland China 13 February 2006	RMB990,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Goldwind Windenergy GmbH	Germany 18 May 2006	EUR350,000	100	–	Investment holding
Vensys Energy AG	Germany 14 February 2000	EUR5,000,000	–	70	Provision of technical services and manufacture and sale of wind power equipment and accessories
Vensys Elektrotechnik GmbH	Germany 13 November 1998	EUR100,000	–	63	Provision of technical services and manufacture and sale of wind power equipment and accessories
Beijing Tianrun New Energy Investment Co., Ltd. ("Beijing Tianrun") (北京天潤新能投資有限公司)	The PRC/Mainland China 11 April 2007	RMB4,200,000,000	100	–	Investment holding
Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd. (北京天源科創風電技術有限責任公司)	The PRC/Mainland China 29 September 2005	RMB200,000,000	100	–	Provision of construction and technical services
Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd. (甘肅金風風電設備製造有限公司)	The PRC/Mainland China 26 March 2008	RMB88,600,000	100	–	Manufacture and sale of wind power equipment and accessories
Beijing Techwin Electric Co., Ltd. (北京天誠同創電氣有限公司)	The PRC/Mainland China 16 December 2008	RMB100,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Urumchi Goldwind Tianyi Wind Power Co., Ltd. (烏魯木齊金風天翼風電有限公司)	The PRC/Mainland China 27 October 2009	RMB426,060,126	100	–	Construction and operation of wind farms
Beijing Goldwind Tiantong Import and Export Trading Co., Ltd. (北京金風天通科技發展有限公司)	The PRC/Mainland China 30 November 2009	RMB3,000,000	100	–	Machinery and technology trader
Jiangsu Goldwind Wind Technology Co., Ltd. (江蘇金風科技限公司)	The PRC/Mainland China 13 November 2009	RMB759,610,000	100	–	Manufacture and sale of wind power equipment and accessories
Goldwind Investment Holding Co., Ltd. (金風投資控股有限公司)	The PRC/Mainland China 2 August 2010	RMB1,000,000,000	100	–	Investment holding

18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	Place and date of incorporation/ place of business**	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Hami Goldwind Wind Power Equipment Manufacture Co., Ltd. (哈密金風風電設備有限公司)	The PRC/Mainland China 16 September 2010	RMB10,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Goldwind New Energy (HK) Investment Limited***	The PRC/Hong Kong 22 September 2010	HK$1,000,000	100	–	Investment holding
Goldwind International Holdings (HK) Limited ("Goldwind International Holdings (HK)")***	The PRC/Hong Kong 6 October 2010	HK$20,000,000	100	–	Machinery and technology trader
Tianxin International Leasing Co., Ltd. (天信國際租賃有限公司)	The PRC/Mainland China 8 June 2012	US$30,000,000	–	100	Financial leasing
Hami Tianrun New Energy Co., Ltd. (哈密天潤新能源有限公司)	The PRC/Mainland China 12 November 2008	RMB14,000,000	–	100	Construction and operation of wind farms
Tacheng Tianrun New Energy Co., Ltd. (塔城天潤新能源有限公司)	The PRC/Mainland China 2 March 2009	RMB67,000,000	–	100	Construction and operation of wind farms
Inner Mongolia Jieyuan Wind Energy Electricity Co., Ltd. (內蒙古潔源風能發電有限責任公司)	The PRC/Mainland China 16 October 2007	RMB88,100,000	–	84	Construction and operation of wind farms
Jinzhou Quanyi New Energy Wind Power Co., Ltd. (錦州市全一新能源風能有限責任公司)	The PRC/Mainland China 11 June 2007	RMB55,060,000	–	51	Construction and operation of wind farms
Pinglu Tianrun Wind Power Co., Ltd. (平陸天潤風電有限公司)	The PRC/Mainland China 29 June 2010	RMB32,000,000	–	100	Construction and operation of wind farms
Shuozhou Pinglu Tianrui Wind Power Co., Ltd. (朔州市平魯區天瑞風電有限公司)	The PRC/Mainland China 13 August 2010	RMB56,000,000	–	75	Construction and operation of wind farms
Zhongning Tianrun Wind Power Co., Ltd. (中寧天潤風電有限公司)	The PRC/Mainland China 11 November 2011	RMB4,000,000	–	100	Construction and operation of wind farms
Keyou Zhongqi Tianyou New Energy Co., Ltd. (科右中旗天佑新能源有限公司)	The PRC/Mainland China 9 October 2011	RMB75,000,000	–	80	Construction and operation of wind farms
Hami Yandun Tianrun Wind Power Co., Ltd. (哈密煙墩天潤風電有限公司)***	The PRC/Mainland China 13 January 2012	RMB31,000,000	–	100	Construction and operation of wind farms
Xiaxian Tianrun Wind Power Co., Ltd. (夏縣天潤風電有限公司)	The PRC/Mainland China 21 October 2010	RMB38,000,000	–	100	Construction and operation of wind farms

18. INVESTMENTS IN SUBSIDIARIES (continued)

Company name*	Place and date of incorporation/ place of business**	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Yixian Tianrun Wind Power Co., Ltd. (義縣天潤風電有限公司)	The PRC/Mainland China 30 May 2011	RMB10,000,000	–	100	Construction and operation of wind farms
Jiangxian Tianrun Wind Power Co., Ltd. (絳縣天潤風電有限公司)	The PRC/Mainland China 19 October 2011	RMB20,750,000	–	100	Construction and operation of wind farms
Guyuan Fengrun Wind Power Co., Ltd. (固原風潤風電有限公司)	The PRC/Mainland China 12 June 2012	RMB4,500,000	–	100	Construction and operation of wind farms
Hami Tianrun Solar Energy Co., Ltd. (哈密天潤太陽能有限公司)	The PRC/Mainland China 3 September 2012	RMB44,000,000	–	100	Construction and operation of solar power generation projects
Buerjin Tianrun New Energy Co., Ltd. (布爾津天潤新能源有限公司)	The PRC/Mainland China 6 December 2012	RMB4,000,000	–	100	Construction and operation of wind farms
Fuyun Tianrun Wind Power Co., Ltd. (富蘊天潤風電有限公司)	The PRC/Mainland China 31 January 2013	RMB4,000,000	–	100	Construction and operation of wind farms
Jingzhou Tianchu Wind Power Co., Ltd. (荊州天楚風電有限公司)	The PRC/Mainland China 28 December 2012	RMB42,000,000	–	100	Construction and operation of wind farms
Yiwu Tianrun Wind Power Co., Ltd. (伊吾天潤風電有限公司)	The PRC/Mainland China 19 December 2012	RMB30,000,000	–	100	Construction and operation of wind farms
UEP Penonome I, S.A.***	Penonome	–	–	100	Construction and operation of wind farms
Goldwind USA, Inc.***	USA/Delaware 30 November 2009	US$3,600,000	–	100	Research and sale of wind power equipment and accessories
Goldwind Australia Pty Ltd.***	AUS/Victoria 21 December 2009	AUD1,970,0000	–	100	Research and sale of wind power equipment and accessories

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

** All these companies were incorporated with limited liability.

*** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group as at 31 December 2014. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

19. INVESTMENTS IN JOINT VENTURES

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Share of net assets	**452,592**	496,787
Goodwill on acquisition	**8,627**	9,742
	461,219	506,529

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

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

Company name*	Note	Place and date of incorporation/place of business	Nominal value of issued ordinary/ registered share capital	Percentage of Ownership interest	Percentage of Voting Power	Percentage of Profit Sharing	Principal activities
Jilin Tongli Wind Power Co., Ltd. ("Jinlin Tongli") (吉林同力風力發電有限公司)**	(i)	The PRC/Mainland China 1 June 2006	RMB171,000,000	51	51	51	Construction and operation of wind farms
Damao Qi Tianrun Wind Power Co., Ltd. ("Damao Qi Tianrun") (達茂旗天潤風電有限公司)**		The PRC/Mainland China 26 July 2007	RMB101,510,000	51	51	51	Construction and operation of wind farms
Shanxi Yulong Group Youyu Niuxinpu Wind Power Co., Ltd. (山西玉龍集團右玉牛心堡風力發電有限公司)**		The PRC/Mainland China 25 November 2008	RMB81,500,000	51	51	51	Construction and operation of wind farms
Qingdao Runlai Wind Power Co., Ltd. (青島潤萊風力發電有限公司)**		The PRC/Mainland China 28 December 2010	RMB78,000,000	50	50	50	Construction and operation of wind farms
Shuozhou Pinglu Tianhui Wind Power Co., Ltd. ("Pinglu Tianhui") (朔州市平魯區天匯風電有限公司)**		The PRC/Mainland China 30 October 2009	RMB22,500,000	51	51	51	Construction and operation of wind farms
Jiaxing Shengxin Investment Partnership (Limited Partnership) (嘉興聖鑫投資管理合夥企業(有限合夥))**	(ii)	The PRC/Mainland China 22 April 2014	RMB64,000,000	75	50	75	Investment and consultation
Håb Vindkraft 9 AB**		Sweden 9 November 2009	SEK100,000	50	50	50	Construction and operation of wind farms
Volker Leonhard Notar ReNeCt GmbH**		Germany 14 August 2012	EUR50,000	50	50	50	Construction and operation of wind farms

19. INVESTMENTS IN JOINT VENTURES (continued)

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

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None of the above investments in joint ventures are directly held by the Company.

(i) On 26 June 2013, Beijing Tianrun entered into a disposal agreement with two independent persons, Yanjun Li (李延軍) and Shuyan Zhao (趙書彥), to dispose of its 51% equity interest in Jilin Tongli. As the transaction is expected to be completed in 2015, the Group's investment in Jinlin Tongli was classified as held for sale in the consolidated statement of financial position as at 31 December 2014.

(ii) On 22 April, 2014, Jiaxing Shengxin Investment Partnership (Limited Partnership) was founded by a subsidiary of the Company, Goldwind Investment Holding Co., Ltd. and a third party. According to the partnership agreement, this company is jointly-controlled by all the partners.

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

	2014 RMB'000	2013 RMB'000
Share of the joint ventures' profit for the year	51,019	106,029
Share of the joint ventures' total comprehensive income	51,019	106,029
Aggregate carrying amount of the Group's investments in the joint ventures	461,219	506,529

20. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December 2014 RMB'000	 2013 RMB'000
Share of net assets	456,076	350,624

The Group's balances of trade receivables, prepayments, deposits and other receivables, trade payables and other payables with the associates are disclosed in notes 24, 25, 28 and 29 to the financial statements, respectively.

20. INVESTMENTS IN ASSOCIATES (continued)

Company

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	59,000	54,000

Particulars of the associates of the Group are as follows:

Company name*	Place and date of incorporation/ place of business	Nominal value of issued ordinary/ registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
Hebei Goldwind Electric Equipment Co., Ltd. (河北金風電控設備有限公司)**	The PRC/Mainland China 7 September 2004	RMB26,000,000	27.22	Manufacture and sale of wind power equipment and accessories
Jiangxi Jinli Mag Rare-Earth Co., Ltd. (江西金力永磁科技有限公司)**	The PRC/Mainland China 19 August 2008	RMB111,110,000	30.60	Manufacture and sale of Nd-Fe-B magnet, and permanent-magnet wind power equipment and accessories
Buerjin Tianrun Wind Power Co., Ltd. (布爾津縣天潤風電有限公司)**	The PRC/Mainland China 21 September 2007	RMB57,500,000	40	Construction and operation of wind farms
Guazhou Tianrun Wind Power Co., Ltd. (瓜州天潤風電有限公司)**	The PRC/Mainland China 6 March 2009	RMB98,100,000	40	Construction and operation of wind farms
On Off Electric Co., Ltd. (歐伏電氣有限公司)**	The PRC/Mainland China 31 October 2007	RMB79,491,256	26.50	Manufacture and sale of wind power equipment and accessories
Ningxia Jinze Agricultural Industry Fund (寧夏金澤農業產業惠農基金)**	The PRC/Mainland China 28 November 2011	–	45	Financing service
Xinjiang Hami Guangheng New Energy Co., Ltd. (新疆哈密廣恒新能源有限公司)**	The PRC/Mainland China 22 Feburary 2011	RMB90,121,800	22	Wind power technology development
Inner Mongolia CSR Electric Co., Ltd. ("Inner Mongolia CSR") (內蒙古南車電機有限公司)**	The PRC/Mainland China 28 April 2006	RMB150,000,000	20	Manufacture and sale of wind power equipment and accessories
Xi'an Yongdian Goldwind Science & Technology Co., Ltd. ("Xi'an Yongdian") (西安永電金風科技有限公司)**	The PRC/Mainland China 8 May 2008	RMB60,000,000	20	Manufacture and sale of wind power equipment and accessories
Xinjiang New Energy Institute Co., Ltd. (新疆新能源研究院有限責任公司)**	The PRC/Mainland China 27 April 2013	RMB10,000,000	24	New energy development, design, research and consultancy services
Xinjiang New Energy Group Saving Technology Co., Ltd. (新疆新能源集團節能科技有限責任公司)**	The PRC/Mainland China 29 October 2013	RMB10,000,000	49	Energy-saving technology development and consulting services

20. INVESTMENTS IN ASSOCIATES (continued)

Company name*	Place and date of incorporation/ place of business	Nominal value of issued ordinary/ registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
Shangwei (Jiangsu) New Material Co., Ltd. (上緯(江蘇)新材料有限公司)**	The PRC/Mainland China 21 October 2014	RMB55,000,000	27	New material development, design, research and export services
Xinjiang Qingran Eco-friendly Investment Co., Ltd. (新疆清燃環保投資有限公司)**	The PRC/Mainland China 22 August 2014	RMB30,000,000	40	Investment and development of clean energy and environmental industry
New Gullen Range Wind Farm (Holding) Pty Ltd.**	AUS/Victoria 1 February 2014	AUD138,160,000	25	Construction and operation of wind farms

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** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

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

	2014 RMB'000	2013 RMB'000
Share of the associates' profit for the year	**36,320**	42,069
Share of the associates' total comprehensive income	**36,320**	42,069
Aggregate carrying amount of the Group's investments in the associates	**456,076**	350,624

21. AVAILABLE-FOR-SALE INVESTMENTS

Group

		As at 31 December	
		2014 RMB'000	2013 RMB'000
Listed equity investment, at fair value:			
– Hong Kong	(i)	**372,517**	448,354
Unlisted equity investments, at cost	(ii)	**455,260**	416,808
		827,777	865,162

(i) During the year, the gross loss in respect of the listed equity investment recognised in other comprehensive income amounted to RMB77,672,000 (2013: gain of RMB269,776,000).

(ii) The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at 31 December 2014 because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

22. DEFERRED TAX

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

Group

2014

Deferred tax assets

	Provision for impairment of assets RMB'000	Tax losses RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Unrealised gains arising from intra-group sales RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	96,544	46,326	308,684	4,194	247,815	10,607	714,170
Deferred tax credited/(charged) to profit or loss (note 9)	11,705	(15,738)	115,047	1,099	17,937	6,613	136,663
Deferred tax assets at 31 December 2014	108,249	30,588	423,731	5,293	265,752	17,220	850,833

Deferred tax liabilities

	Excess of fair values of identifiable assets and liabilities over carrying values in the acquisition of a subsidiary RMB'000	Others	Total
At 1 January 2014	31,558	–	31,558
Deferred tax charged/(credited) to profit or loss (note 9)	(6,825)	5,775	(1,050)
Exchange differences	(3,611)	–	(3,611)
Deferred tax liabilities at 31 December 2014	21,122	5,775	26,897

22. DEFERRED TAX (continued)

Group (continued)

2013

Deferred tax assets

	Provision for impairment of assets RMB'000	Tax losses RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Unrealised gains arising from intra-group sales RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	76,947	5,550	261,660	948	166,306	4,954	516,365
Deferred tax credited to profit or loss (note 9)	19,597	40,776	47,024	3,246	81,509	5,653	197,805
Deferred tax assets at 31 December 2013	96,544	46,326	308,684	4,194	247,815	10,607	714,170

Deferred tax liabilities

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

22. DEFERRED TAX (continued)

Company

2014

Deferred tax assets

	Provision for impairment of assets RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	70,854	219,837	2,479	5,985	299,155
Deferred tax credited/(charged) to profit or loss	(967)	70,594	789	3,556	73,972
Deferred tax assets at 31 December 2014	69,887	290,431	3,268	9,541	373,127

2013

Deferred tax assets

	Provision for impairment of assets RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	58,494	193,399	633	6,206	258,732
Deferred tax credited/(charged) to profit or loss	12,360	26,438	1,846	(221)	40,423
Deferred tax assets at 31 December 2013	70,854	219,837	2,479	5,985	299,155

22. DEFERRED TAX (continued)

The Group has tax losses arising in Mainland China of RMB64,120,000 (2013: RMB70,740,000) that will expire in one to five years for offsetting against future taxable profits. The Group also has tax losses arising in Australia, United States and Hong Kong of RMB10,090,000 (2013: RMB12,276,000), RMB137,203,000 (2013: RMB103,097,000) and RMB35,650,000 (2013: RMB40,113,000), respectively.

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

23. INVENTORIES

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials	**1,454,959**	1,766,523
Work in progress	**1,098,449**	767,616
Finished and semi-finished goods	**1,094,701**	445,785
Low-value consumables and others	**1,476**	22,553
	3,649,585	3,002,477

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials	**617,341**	760,548
Work in progress	**723,082**	446,613
Finished and semi-finished goods	**134,462**	174,907
Low-value consumables and others	**333**	363
	1,475,218	1,382,431

24. TRADE AND BILLS RECEIVABLES

Group

	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	**11,294,246**	9,804,087

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**6,342,539**	7,234,271
Bills receivable	**468,339**	662,361
Retention money receivables	**2,112,012**	1,518,110
Provision for impairment	**(328,547)**	(370,630)
	8,594,343	9,044,112
Portion classified as non-current assets	**(1,080,847)**	(533,591)
Current portion	**7,513,496**	8,510,521

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.

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	As at 31 December	
	2014 RMB'000	2013 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	1,028,677	831,590
	12,808,276	10,732,921

Company

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Within 3 months	3,919,467	5,389,211
3 to 6 months	1,422,466	501,960
6 months to 1 year	477,020	475,883
1 to 2 years	1,288,444	1,012,819
2 to 3 years	521,753	973,838
Over 3 years	965,193	690,401
	8,594,343	9,044,112

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	2014 RMB'000	2013 RMB'000
At beginning of the year	**506,616**	436,939
Impairment losses recognised (note 6)	**95,653**	145,614
Impairment losses reversed (note 6)	**(111,823)**	(75,702)
Amounts written off as uncollectible	**(28,442)**	(154)
Exchange realignment	**1,980**	(81)
At end of the year	**463,984**	506,616

Company

	2014 RMB'000	2013 RMB'000
At beginning of the year	**370,630**	340,109
Impairment losses recognised	**44,481**	103,229
Impairment losses reversed	**(58,217)**	(72,708)
Amounts written off as uncollectible	**(28,347)**	–
At end of the year	**328,547**	370,630

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.

24. TRADE AND BILLS RECEIVABLES (continued)

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

Group

	As at 31 December	
	2014 RMB'000	2013 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	438,864	1,082,892
	10,527,730	7,245,366

Company

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	5,810,334	6,244,589
Less than 3 months past due	1,367,789	449,932
3 to 6 months past due	186,462	221,676
	7,364,585	6,916,197

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. TRADE AND BILLS RECEIVABLES (continued)

The amount 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	**260,334**	132,982
	529,925	275,218

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 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 receivables have been discounted based on the effective interest rate, the carrying amounts of the non-current trade 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 (note 32).

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.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Advances to suppliers	**1,006,217**	605,140
Prepayments	**323,858**	119,077
Deposits and other receivables	**2,872,109**	1,602,962
Provision for impairment	**(16,191)**	(19,650)
	4,185,993	2,307,529
Portion classified as non-current assets	**(2,015,718)**	(211,739)
Current portion	**2,170,275**	2,095,790

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Advances to suppliers	**1,226,809**	2,313,487
Prepayments	**40,257**	29,027
Deposits and other receivables	**1,138,409**	2,845,744
Provision for impairment	**(16,008)**	(19,443)
	2,389,467	5,168,815
Portion classified as non-current assets	**(2,502)**	(2,171)
Current portion	**2,386,965**	5,166,644

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

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

Group

	2014 RMB'000	2013 RMB'000
At beginning of the year	19,650	3,643
Impairment losses recognised (note 6)	29,518	16,055
Impairment losses reversed (note 6)	–	(4)
Amounts written off as uncollectible	(32,953)	(46)
Exchange realignment	(24)	2
At end of the year	16,191	19,650

Company

	2014 RMB'000	2013 RMB'000
At beginning and end of the year	19,443	3,435
Impairment losses recognised	5,378	16,008
Reversal of impairment for the year	(8,813)	–
At end of the year	16,008	19,443

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

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Joint ventures	6,133	6,512
Associates	346,637	61,649
	352,770	68,161

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

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Cash and bank balances	5,758,314	3,727,879
Time deposits	4,657,174	993,447
	10,415,488	4,721,326
Less: Pledged time deposits for		
– Bank loans (note 32)	(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)	(307,878)	(266,240)
	(887,028)	(400,577)
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	(4,634)	(44,448)
Cash and cash equivalents in the consolidated statement of cash flows	9,523,826	4,276,301
Pledged deposits	887,028	400,577
Portion classified as non-current assets	(307,878)	(266,240)
Current portion	579,150	134,337
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	31,235	55,113
	10,415,488	4,721,326

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

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Cash and bank balances	**3,437,588**	1,980,036
Time deposits	**4,312,950**	710,919
	7,750,538	2,690,955
Less: Pledged time deposits for		
– Guarantee issued	**(476,040)**	–
– Provison of risk (i)	**(172,736)**	(163,463)
	(648,776)	(163,463)
Cash and cash equivalents in the statement of financial position	**7,101,762**	2,527,492
Pledged deposits	**648,776**	163,463
Portion classified as non-current assets	**(172,736)**	(163,463)
Current portion	**476,040**	–
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**7,747,701**	2,687,241
– Other currencies	**2,837**	3,714
	7,750,538	2,690,955

(i) Details of pledged time deposits for provision of risk are included in note 41.

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

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

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

On 26 June 2013, one of the subsidiaries of the Company, Beijing Tianrun, entered into a disposal agreement with an independent third party, Chifeng Jinneng New Energy Investment Co., Ltd. (赤峰市金能新能源有限責任公司), to dispose of its 90% equity interest in Chifeng Tianrun Xinneng New Energy Investment Co., Ltd. ("Chifeng Xinneng") (赤峰市天潤鑫能新能源有限公司). In addition, on 26 June 2013, Beijing Tianrun entered into a disposal agreement with two independent persons, Yanjun Li (李延軍) and Shuyan Zhao (趙書彥), to dispose of its 51% equity interest in Jilin Tongli. As the Company and its subsidiary, Beijing Tianrun give effort to exempt the risk-bearing mechanism relating to this transaction, the expecting disposal date puts off to the first half of 2015. The assets and liabilities of Chifeng Xinneng and the Group's investment in Jinlin Tongli were classified as held for sale in the consolidated statement of financial position as at 31 December 2014.

The investment in Jinlin Tongli, the assets and liabilities of Chifeng Xinneng classified as held for sale as at 31 December 2014 and 2013, respectively, are as follows:

	As at 31 December	
	2014 **RMB'000**	2013 RMB'000
Assets		
Property, plant and equipment (note 13)	**568,457**	594,719
Other intangible assets (note 17)	**19**	19
Investment in a joint venture	**45,871**	45,871
Inventories	**52**	52
Trade receivables	**109,652**	62,572
Prepayments, deposits and other receivables	**47,039**	60,372
Cash and cash equivalents	**12,016**	30,124
Assets of a disposal group classified as held for sale	**783,106**	793,729
Liabilities		
Trade payables	**(5,653)**	–
Other payables and accruals	**(10,890)**	(4,166)
Interest-bearing bank loans	**(689,780)**	(563,240)
Liabilities directly associated with the assets classified as held for sale	**(706,323)**	(567,406)
Net assets directly associated with the disposal group	**76,783**	226,323
Elimination of the receivable from a subsidiary in the Group	**150,000**	–
Net assets directly associated with the disposal group before eliminated	**226,783**	226,323

There is not any cumulative income or expense recognised in other comprehensive income relating to a disposal group classified as held for sale.

28. TRADE AND BILLS PAYABLES

Group

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

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payables	**3,341,606**	3,010,883
Bills payable	**4,587,209**	4,217,599
	7,928,815	7,228,482
Portion classified as non-current liabilities	**(568,550)**	(372,587)
Current portion	**7,360,265**	6,855,895

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.

28. TRADE AND BILLS PAYABLES (continued)

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

Group

	As at 31 December	
	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	**297,305**	211,786
	11,446,028	9,464,058

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 3 months	**4,018,032**	3,986,635
3 to 6 months	**3,141,976**	2,327,162
6 months to 1 year	**295,737**	446,294
1 to 2 years	**232,914**	275,614
2 to 3 years	**61,204**	93,863
Over 3 years	**178,952**	98,914
	7,928,815	7,228,482

28. TRADE AND BILLS PAYABLES (continued)

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

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Associates	1,465,160	1,425,103

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 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.

29. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Advances from customers	2,699,847	810,548
Accrued salaries, wages and benefits	341,741	156,828
Other taxes payable	204,146	154,502
Others	666,432	444,220
	3,912,166	1,566,098
Portion classified as non-current liabilities	(57,957)	(10,292)
Current portion	3,854,209	1,555,806

29. OTHER PAYABLES AND ACCRUALS (continued)

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Advances from customers	**1,579,659**	420,343
Accrued salaries, wages and benefits	**69,693**	28,443
Other taxes payable	**90,192**	107,936
Others (i)	**1,333,814**	1,120,324
	3,073,358	1,677,046

(i) The amounts due to subsidiaries included in others are RMB1,092,372,000 as at 31 December 2014 (31 December 2013: RMB900,578,000).

The amounts due to the Group's joint ventures and associates included in other payables and accruals are as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Joint ventures	**1,740**	718
Associates	**888**	836
	2,628	1,554

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

30. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Listed equity investment, at market value		
A share	90,067	–

In 2014, Goldwind Holding Co., Ltd. ("Goldwind Holding"), a subsidiary of the Company, entered into an agreement with Shanghai Dingli Technology Development (Group) Co., Ltd. ("Shanghai Dingli") to dispose of its 5.31% equity interest in Chenzhou Fengyue Environmental Protection Technology Co., Ltd. to Shanghai Dingli. According to the agreement, Shanghai Dingli issued 6,771,954 A shares with a price of RMB10.12 per share and cash of RMB12,093,000 as a consideration to Goldwind Holding.

The above equity investments at 31 December 2014 were classified as held for trading and were, upon initial recognition, designated by the Group financial assets at fair value through profit or loss.

31. DERIVATIVE FINANCIAL INSTRUMENTS

Group

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Assets		
Interest rate swap	4,797	–
Forward currency contract (i)	–	18,444
Forward contract (ii)	–	98,396
	4,797	116,840
Portion classified as non-current assets	4,797	–
Current portion	–	116,840
Liabilities		
Non-current liabilities:		
Interest rate swap (i)	–	363

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

31. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

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

The terms of the foreign currency forward contract and the interest rate swap contract match the terms of the commitments. The cash flow hedge relating to the expected future bank loans and expected future interest for the bank loans were assessed to be highly effective.

In 2014, the foreign currency forward contract and the interest rate swap contract were settled as the wind farm was sold to an associate.

(ii) In 2012, Beijing Tianrun New Energy Investment Co., Ltd. ("Beijing Tianrun"), a subsidiary of the Company, entered into an agreement with Ping An Trust and Investment Co., Ltd. to dispose of its 49% shareholding in Shuozhou Pinglu Tianhui Wind Power Co., Ltd. ("Pinglu Tianhui"). According to the agreement, in addition to the fixed selling price, Beijing Tianrun shall receive a variable price, which is determined based on a measurement index of wind volume at the area surrounding Pinglu Tianhui. As at 31 December 2014, the forward contract was settled with the amount of RMB102,970,000 according to the index of wind volume. The gain of RMB4,574,000 was recognised in profit or loss.

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

Group

	As at 31 December 2014			As at 31 December 2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	2.50-6.00	2015	1,635,231	2.94-4.32	2014	272,915
– Secured	6.00-6.60	2015	912,382	2.11	2014	88,405
Current portion of long term bank loans:						
– Unsecured	Six-month LIBOR+3.5	2015	3,672	Six-month LIBOR+3.5	2014	3,658
– Secured	3.25-6.8775	2015	307,997	3.25-8.33	2014	205,727
Corporate bond (i):						
– Unsecured	6.63	2015	2,998,420			–
			5,857,702			570,705
Non-current						
Long term bank loans:						
– Unsecured	Six-month LIBOR+3.5	2016-2021	22,028	Six-month LIBOR+3.5	2015-2021	25,607
– Secured	3.25-6.8775	2016-2031	6,000,721	2.85-8.33	2015-2026	4,379,544
Corporate bond (i):						
– Unsecured			–	6.63	2015	2,988,940
			6,022,749			7,394,091
			11,880,451			7,964,796
Interest-bearing bank loans and other borrowings denominated in:						
– RMB			11,311,789			6,445,488
– Euro			127,306			53,755
– United States dollar			441,356			387,263
– Australian dollar			–			1,078,290
			11,880,451			7,964,796

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

Company

	As at 31 December 2014			As at 31 December 2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	2.50-5.10	2015	1,429,089			–
– Secured	6.00-6.12	2015	621,922	2.11	2014	88,405
Corporate bond (i):						
– Unsecured	6.63	2015	2,998,420			–
			5,049,431			88,405
Non-current						
Corporate bond (i):						
– Unsecured			–	6.63	2015	2,988,940
			5,049,431			3,077,345
Interest-bearing bank loans and other borrowings denominated in:						
– RMB			5,001,342			2,988,940
– Euro			48,089			–
– United States dollar			–			88,405
			5,049,431			3,077,345

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

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

The maturity profile of the interest-bearing bank loans and other borrowings as at 31 December 2014 and 2013 is as follows:

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**2,859,282**	570,705
In the second year	**386,816**	344,497
In the third to fifth years, inclusive	**1,643,579**	1,790,121
Beyond five years	**3,992,354**	2,270,533
	8,882,031	4,975,856
Corporate bond repayable		
Within one year	**2,998,420**	–
In the second year	**–**	2,988,940
	11,880,451	7,964,796

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**2,051,011**	88,405
Corporate bond repayable		
Within one year	**2,998,420**	–
In the second year	**–**	2,988,940
	2,998,420	2,988,940
	5,049,431	3,077,345

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

The Group's bank loans, including those that were included in the liabilities of a disposal group classified as held for sale in the consolidated statement of financial position, of approximately RMB7,246,800,000 (31 December 2013: RMB5,504,106,000) at 31 December 2014, were secured or guaranteed by:

(a) Certain of the Group's bank loans amounting to approximately RMB6,104,304,000 (31 December 2013: RMB3,456,549,000) as at 31 December 2014 were secured by mortgages over certain of the property, plant and equipment and prepaid land lease payments of the Group and by the pledge of the Group's bank deposits and electricity charge rights and their future income thereon and bank deposits for provision of risk. As at 31 December 2014, the aggregate carrying values of the property, plant and equipment, prepaid land lease payments, bank deposits and the receivables under the electricity charge rights and bank deposits for provision of risk amounted to RMB6,583,738,000 (31 December 2013: RMB4,664,149,000) and RMB71,467,000 (31 December 2013: RMB23,042,000) and RMB2,000,000 (31 December 2013: nil) and RMB815,192,000 (31 December 2013: RMB280,227,000) and RMB135,142,000 (31 December 2013: RMB102,777,000), respectively. Certain assets and liabilities of Chifeng Xinneng, including its bank loans, were included in the disposal group in the consolidated statement of financial position as at 31 December 2014 and 31 December 2013.

(b) Certain of the bank loans of one of the Company's subsidiaries, Vensys Elektrotechnik GmbH, amounting to EUR728,000 (equivalent to approximately RMB5,431,000) (31 December 2013: EUR705,000, equivalent to approximately RMB5,936,000) as at 31 December 2014 were secured by mortgages over certain of its property, plant and equipment. As at 31 December 2014, the carrying values of these secured property, plant and equipment amounted to RMB9,784,000 (31 December 2013: RMB11,222,000).

(c) Certain of the bank loans of one of the Company's subsidiaries, Windpark Bestwig-Berlar GmbH & Co KG, amounting to EUR2,000,000 (equivalent to approximately RMB16,838,000) as at 31 December 2013 were secured by the pledge of certain of the Group's bank deposits amounting to approximately RMB11,618,000 as at 31 December 2013. At 31 December 2014, the loan has been paid.

(d) Certain of the bank loans of one of the Company's subsidiaries, Vensys Windpark Tholey GmbH & Co. KG, amounting to approximately EUR9,897,000 (equivalent to approximately RMB73,786,000) (31 December 2013: EUR3,000,000, equivalent to approximately RMB25,257,000) as at 31 December 2014 were secured by mortgages over certain of its property, plant and equipment amounting to approximately RMB6,850,000 (31 December 2013: RMB11,981,000 and by the pledge of certain of the Group's bank deposits amounting to approximately RMB2,526,000), as at 31 December 2014.

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

(e) Certain of the bank loans of one of the Company's subsidiaries, Gullen Range Wind Farm Pty Ltd., amounting to AUD149,376,000 (equivalent to approximately RMB811,099,000) as at 31 December 2013 were secured by the pledge of the Company's equity interest in Gullen Range Wind Farm Pty Ltd. At 31 December 2014, the loan has been paid.

(f) Certain of the bank loans of one of the Company's subsidiaries, Uilk Wind Farm LLC, amounting to approximately US$4,200,000 (equivalent to approximately RMB25,700,000) (31 December 2013: US$4,800,000, equivalent to approximately RMB29,265,000) as at 31 December 2014 were guaranteed by the Company in the form of a standby letter of credit.

(g) Certain of the bank loans of one of the Company's subsidiaries, Goldwind International Holdings (HK), amounting to approximately AUD49,100,000 (equivalent to RMB267,190,000) as at 31 December 2013 were guaranteed by the Company in the form of a standby letter of credit. At 31 December 2014, the loan has been paid.

(h) Certain of the bank loans of one of the Company's subsidiaries, UEP Penonome S.A., amounting to US$67,929,000 (equivalent to approximately RMB415,656,000) (31 December 2013: US$44,218,000, equivalent to approximately RMB269,592,000) as at 31 December 2014 were secured by pledge of the Goldwind International Holdings (HK)'s equity interest in UEP Penonome S.A. and bank deposits amounting to approximately RMB80,565,000 (31 December 2013: nil) and guaranteed by Goldwind International Holdings (HK) in the form of a letter of credit. UEP Penonome S.A. is a subsidiary of Goldwind International Holdings (HK).

(i) Certain of the Group's bank loans amounting to approximately RMB621,923,000 (31 December 2013: RMB88,405,000) as at 31 December 2014 were secured by the pledge of the Group's trade receivables amounted to RMB736,991,000 (31 December 2013: by the pledge of certain of the internal trade receivables which had been eliminated in the consolidated statement of financial position amounting to RMB117,772,000).

33. PROVISION

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

Group

	2014 RMB'000	2013 RMB'000
At beginning of the year	1,597,930	1,355,146
Additional provision (note 6)	949,631	517,859
Reversal of unutilised amounts (note 6)	(100,497)	(46,812)
Amounts utilised	(345,066)	(227,418)
Exchange realignment	(3,887)	(845)
At end of the year	2,098,111	1,597,930
Portion classified as current liabilities	(832,534)	(627,041)
Non-current portion	1,265,577	970,889

Company

	2014 RMB'000	2013 RMB'000
At beginning of the year	1,294,582	1,054,596
Additional provision	672,171	430,782
Reversal of unutilised amounts	(76,902)	(36,752)
Amounts utilised	(248,341)	(154,044)
At end of the year	1,641,510	1,294,582
Portion classified as current liabilities	(682,554)	(525,077)
Non-current portion	958,956	769,505

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

34. GOVERNMENT GRANTS

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Government grants	**244,218**	234,516

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Government grants	**128,293**	123,032

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

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

Group

	2014	2013
	RMB'000	RMB'000
At beginning of the year	**234,516**	161,166
Additions	**16,857**	80,949
Recognised as income during the year	**(7,451)**	(6,057)
Exchange realignment	**296**	(1,542)
At end of the year	**244,218**	234,516

34. GOVERNMENT GRANTS (continued)

Company

	2014 RMB'000	2013 RMB'000
At beginning of the year	123,032	118,017
Additions	8,396	6,270
Recognised as income during the year	(3,135)	(1,255)
At end of the year	128,293	123,032

35. ISSUED SHARE CAPITAL

	As at 31 December			
	2014		2013	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000
Shares				
Registered, issued and fully paid:				
A shares of RMB1.00 each	2,194,541	2,194,541	2,194,541	2,194,541
H shares of RMB1.00 each	500,047	500,047	500,047	500,047
	2,694,588	2,694,588	2,694,588	2,694,588

During the year, there were no movements in the share capital.

36. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity for the current and prior years on page 7 and 8 of these financial statements.

(b) Company

	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Proposed dividend RMB'000	Total RMB'000
At 1 January 2013	7,969,352	–	533,928	434,418	–	148,202	9,085,900
Profit for the year (note 10)	–	–	–	524,811	–	–	524,811
Other comprehensive income for the year:							
Exchange fluctuation reserve	–	–	–	–	190	–	190
Total comprehensive income	–	–	–	524,811	190	–	525,001
Final 2012 dividend declared	–	–	–	–	–	(148,202)	(148,202)
Profit appropriation to reserves	–	–	53,295	(53,295)	–	–	–
Proposed final 2013 dividend	–	–	–	(215,567)	–	215,567	–
Transfer to special reserve	–	8,924	–	–	–	–	8,924
Special reserve utilised	–	(8,924)	–	–	–	–	(8,924)
At 31 December 2013	*7,969,352	–	*587,223	*690,367	*190	215,567	9,462,699
Profit for the year (note 10)	–	–	–	663,261	–	–	663,261
Other comprehensive income for the year:							
Exchange fluctuation reserve	–	–	–	–	(40)	–	(40)
Total comprehensive income	–	–	–	663,261	(40)	–	663,221
Final 2013 dividend declared	–	–	–	–	–	(215,567)	(215,567)
Profit appropriation to reserves	–	–	66,184	(66,184)	–	–	–
Proposed final 2014 dividend	–	–	–	(1,077,835)	–	1,077,835	–
Transfer to special reserve	–	10,520	–	–	–	–	10,520
Special reserve utilised	–	(10,520)	–	–	–	–	(10,520)
At 31 December 2014	*7,969,352	–	*653,407	*209,609	*150	1,077,835	9,910,353

* As at 31 December 2014, these reserve amounts comprise the reserves of RMB8,832,518,000 (31 December 2013: RMB9,247,132,000) in the statement of financial position.

37. BUSINESS COMBINATION

On 31 August 2014, 31 October 2014 and 30 September 2014, the Group acquired a 100%, 90% and 100% equity interest in Caoxian Xiaoqing Water Treatment Plant Co., Ltd., Shuyang Lingzhi Water Service Co., Ltd. and Shuozhou Pinglu District Sineng Wind Power Co., Ltd. from independent parties, respectively, with cash considerations of RMB1,000,000, RMB31,380,000 and RMB8,000,000, respectively.

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

	2014 Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	7,143
Trade and bills receivables	127,002
Prepayments, deposits and other receivables	684
Cash and cash equivalents	2,368
Trade and bills payables	(69,718)
Other payables and accruals	(23,242)
Total identifiable net assets at fair value	44,237
Non-controlling interests	(3,524)
	40,713
Gain on bargain purchase recognised in other income and gains in profit or loss	(333)
Satisfied by cash	40,380

An analysis of the cash flows in respect of the acquisition of subsidiaries above is as follows:

	2014 RMB'000
Cash consideration	(40,380)
Cash and bank balances acquired	2,368
Net outflow of cash and cash equivalents included in cash flows from investing activities	(38,012)

37. BUSINESS COMBINATION (continued)

Since the acquisition, the companies contributed RMB1,513,000 to the Group's turnover and RMB1,141,000 to the consolidated profit for the year ended 31 December 2014.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB17,579,664,000 and RMB1,858,545,000, respectively.

38. DISPOSALS OF SUBSIDIARIES

On 31 July 2014, the Group disposed its 100% equity interests in Guazhou Photovoltaic Power Generation Co., Ltd. and Dunhuang Tianrun New Energy Co., Ltd. to a third party with a cash consideration of RMB24,000,000.

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

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

The net assets/liabilities of the subsidiaries disposed of during the years ended 31 December 2014 and 2013 were as follows:

	Notes	2014 RMB'000	2013 RMB'000
Property, plant and equipment	13	222	1,511
Prepayments, deposits and other receivables		100	278
Cash and cash equivalents		3,678	211
Assets of a disposal group classified as held for sale	(i)	–	1,226,391
Liabilities directly associated with the assets classified as held for sale	(i)	–	(1,325,575)
		4,000	(97,184)
Gain on disposals of subsidiaries	5	20,000	118,022
Total consideration		24,000	20,838
Satisfied by cash		24,000	20,838

38. DISPOSALS OF SUBSIDIARIES (continued)

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

	2013 RMB'000
Assets of a disposal group classified as held for sale:	
Property, plant and equipment	1,155,363
Derivative financial instrument	33,090
Trade receivables	7,350
Goodwill	317
Prepayments, deposits and other receivables	723
Cash and cash equivalents	29,548
	1,226,391
Liabilities directly associated with the assets classified as held for sale:	
Trade and bills payables	7,364
Other payables and accruals	176,758
Interest-bearing bank loans	791,192
Government grants	350,261
	1,325,575

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

	2014 RMB'000	2013 RMB'000
Cash consideration	**24,000**	20,838
Cash and bank balances disposed of	**(3,678)**	(211)
Net inflow of cash and cash equivalents in respect of the disposals of subsidiaries	**20,322**	20,627

39. DISPOSAL OF A BUSINESS

On 10 July 2014, one of the subsidiaries of the Company, Goldwind International Holdings (HK) disposed certain assets and liabilities of Gullen Range Wind Farm Pty Ltd. ("GRWF"), a subsidiary of Goldwind International Holdings (HK), to an associate, New Gullen Range Wind Farm (Holding) Pty Ltd. for a consideration of AUD319,460,000 (approximately RMB1,854,912,000).

Net assets disposed of:

	Notes	2014 RMB'000
Property, plant and equipment	13	1,551,203
Cash and cash equivalents		9,016
Trade receivables		62,926
Prepayments, deposits and other receivables		33,187
Inventory		7,774
Goodwill	16	44,399
Trade payables		(31,867)
Other payables		(215,172)
Derivative financial instruments		(19,252)
Exchange realignment		79,549
		1,521,763
Gain on disposal of a business	5	333,149
Total consideration		1,854,912
Satisfied by cash*		684,307

* The purchaser, New Gullen Range Wind Farm (Holding) Pty Ltd. repaid a bank loan for GRWF and settled an investment payment on behalf of another subsidiary of the Company as a part of consideration, the remaining consideration is satisfied by cash.

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

	2014 RMB'000
Cash consideration	684,307
Other receivable due from New Gullen Range Wind Farm (Holding) Pty Ltd.	(70,244)
Cash and bank balances disposed of	(9,016)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	605,047

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

Major non-cash transactions

During the year, one of the subsidiaries of the Company, Goldwind International Holdings (HK) disposed certain assets and liabilities of GRWF, to an associate, New Gullen Range Wind Farm (Holding) Pty Ltd.. New Gullen Range Wind Farm (Holding) Pty Ltd. repaid a bank loan amount to RMB1,044,784,000 for GRWF as a part of consideration.

41. CONTINGENT LIABILITIES

At 31 December 2014, contingent liabilities not provided for in the financial statements were as follows:

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Letters of credit issued	**149,746**	412,000
Letters of guarantee issued	**8,619,113**	5,224,620
Guarantees given to a bank in connection with a bank loan granted to:		
A joint venture	**188,000**	212,000
A third party	**347,073**	384,045
Compensation arrangement in connection with the bank loans of the Group's customers (i)	**1,018,083**	1,305,440
	10,322,015	7,538,105

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Letters of credit issued	**149,746**	179,929
Letters of guarantee issued	**7,796,450**	4,563,270
Guarantees given to banks in connection with bank loans granted to:		
Subsidiaries	**25,700**	295,883
Compensation arrangement in connection with the bank loans of the Group's customers (i)	**1,018,083**	1,305,440
	8,989,979	6,344,522

41. CONTINGENT LIABILITIES (continued)

The Directors are of the view that the fair value of the guarantees is not significant and therefore no provision for financial guarantees was made.

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

Up to 31 December 2014, the above risk compensation arrangements covered for bank loans of three overseas wind farm project companies totaled RMB1,018,083,000.

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

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company leases its investment properties (note 14) and certain equipment under operating lease arrangements, with leases negotiated for terms ranging from one to two years. At 31 December 2014 and 2013, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Within one year	3,091	5,451
In the second to fifth years, inclusive	2,090	975
	5,181	6,426

42. OPERATING LEASE ARRANGEMENTS (continued)

(a) As lessor (continued)

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within one year	**974**	4,352
In the second year	**–**	975
	974	5,327

(b) As lessee

At 31 December 2014 and 2013, the Group had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within one year	**2,116**	1,396
In the second to fifth years, inclusive	**1,513**	1,434
Beyond five years	**27,286**	4,100
	30,915	6,930

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within one year	**336**	–

43. COMMITMENTS

In addition to the operating lease commitments detailed in note 42(b) above, the Group and the Company had the following capital commitments as at 31 December 2014 and 2013:

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment and land use rights	**2,800,373**	866,453
Authorised, but not contracted for:		
Property, plant and equipment and land use rights	**362,200**	299,184
Capital contribution payable to joint ventures	**386,303**	45,613
	3,548,876	1,211,250

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Authorised, but not contracted for:		
Property, plant and equipment	**362,200**	–

44. RELATED PARTY TRANSACTIONS

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

	2014 RMB'000	2013 RMB'000
Continuing transactions		
A shareholder holding a 13.95% interest in the Company:		
Sales of wind turbine generators and spare parts	420	51,218
Associates:		
Sales of wind turbine generators and spare parts	34,059	182,703
Purchases of spare parts	2,325,750	2,185,130
Purchases of processing services	156,626	29,572
Provision of technical services	67,382	–
Joint ventures:		
Sales of wind turbine generators and spare parts	179,386	41,071
Provision of technical services	12,951	4,918

Non-continuing transaction:

The bank loan of one of the Group's joint ventures, Damao Qi Tianrun, amounting to RMB188,000,000 (31 December 2013: RMB212,000,000) as at 31 December 2014 was guaranteed by Beijing Tianrun, one of the Company's subsidiaries.

In 2014, one of the subsidiaries of the Company, Goldwind International Holdings (HK) disposed certain assets and liabilities of GRWF to an associate, New Gullen Range Wind Farm (Holding) Pty Ltd.. Refer to note 39 for further information.

In the opinion of the Directors, the transactions between the Group and the related parties were based on prices mutually agreed between the parties.

In the opinion of the Directors, the above related party transactions were conducted in the ordinary course of business.

44. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amount of total transactions with related parties for the year is included in note 44(a) to the financial statements. The total transactions with related parties in 2015, 2016, 2017 and 2018, which have been contracted as at 31 December 2014, are as follows:

	2015 RMB'000	2016 RMB'000	2017 RMB'000	2018 RMB'000
Continuing transactions				
Associates:				
Purchases of spare parts	3,617,310	2,046,000	2,046,250	219

(c) Outstanding balances with related parties

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

(d) Compensation of key management personnel of the Group

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	31,098	19,703
Pension scheme contributions	432	405
	31,530	20,108

The related party transactions with the shareholder holding a 13.95% interest in the Company above also constitute connected transactions or continuing connected transactions as defined in chapter 14A of the listing rules.

45. FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Financial assets		
Financial assets at fair value through profit or loss:		
Held for trading financial assets:		
Derivative financial instruments	**4,797**	98,396
Derivatives financial instruments designated as hedging instruments	**–**	18,444
Equity investments at fair value through profit or loss	**90,067**	–
	94,864	116,840
Loans and receivables:		
Trade and bills receivables	**12,808,276**	10,732,921
Financial assets included in prepayments, deposits and other receivables	**1,851,731**	663,454
Pledged deposits	**887,028**	400,577
Cash and cash equivalents	**9,528,460**	4,320,749
	25,075,495	16,117,701
Available-for-sale financial assets:		
Available-for-sale investments	**827,777**	865,162
	25,998,136	17,099,703
Financial liabilities		
Derivatives designated as hedging instruments:		
Derivative financial instruments	**–**	363
Financial liabilities at amortised cost:		
Trade and bills payables	**11,446,028**	9,464,058
Financial liabilities included in other payables and accruals	**666,432**	444,219
Interest-bearing bank loans and other borrowings	**11,880,451**	7,964,796
	23,992,911	17,873,073
	23,992,911	17,873,436

45. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Financial assets		
Loans and receivables:		
Trade and bills receivables	8,594,343	9,044,112
Financial assets included in prepayments, deposits and other receivables	1,115,684	2,826,302
Pledged deposits	648,776	163,463
Cash and cash equivalents	7,101,762	2,527,492
	17,460,565	14,561,369
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and bills payables	7,928,815	7,228,482
Financial liabilities included in other payables and accruals	1,333,814	1,120,323
Interest-bearing bank loans and other borrowings	5,049,431	3,077,345
	14,312,060	11,426,150

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Group

	Carrying mounts		Fair values	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Pledged deposits	307,878	266,240	307,878	266,240
Available-for-sale investments	372,517	448,354	372,517	448,354
Derivative financial instruments	4,797	116,840	4,797	116,840
Equity investments at fair value through profit or loss	90,067	–	90,067	–
Trade and bills receivables, non-current portion	1,514,030	928,834	1,521,649	930,044
Financial assets included in prepayments, deposits and other receivables, non-current portion	1,074,581	127,115	1,074,581	127,115
	3,363,870	1,887,383	3,371,489	1,888,593
Financial liabilities				
Derivative financial instruments	–	363	–	363
Interest-bearing bank loans and other borrowings	6,022,749	7,394,091	6,047,947	7,423,870
Trade and bills payables, non-current portion	607,060	397,206	651,074	400,815
Financial liabilities included in other payables and accruals, non-current portion	57,957	10,292	57,957	10,292
	6,687,766	7,801,952	6,756,978	7,835,340

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

Company

	Carrying amounts As at 31 December		Fair values As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Pledged deposits	**172,736**	163,463	**172,736**	163,463
Trade and bills receivables, non-current portion	**1,080,847**	533,591	**1,086,434**	534,529
	1,253,583	697,054	**1,259,170**	697,992
Financial liabilities				
Interest-bearing bank loans and other borrowings	**–**	2,988,940	**–**	2,981,162
Trade payables, non-current portion	**568,550**	372,587	**609,941**	376,083
	568,550	3,361,527	**609,941**	3,357,245

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

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

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and interest-bearing bank loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant.

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

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

The Group enters into derivative financial instruments with a financial institution and a third party. Derivative financial instruments include an interest rate swap. The interest rate swap is measured using valuation techniques similar to swap models, using present value calculations; the models incorporate various market observable inputs including the credit quality of counterparties, interest rate curves. The interest rate swap and forward contract are the same as their fair values.

As at 31 December 2014, the marked to market value of the derivatives is net of a credit/debit valuation adjustment attributable to derivative counterparty default risk.

Fair value hierarchy

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

Assets measured at fair value:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investment:				
Listed equity investment	372,517	–	–	372,517
Equity investments at fair value through profit or loss:				
Listed equity investment	90,067	–	–	90,067
Derivative financial instruments:				
Interest swap contract	–	4,797	–	4,797
	462,584	4,797	–	467,381

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

Fair value hierarchy (continued)

As at 31 December 2013

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

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

	2014 RMB'000	2013 RMB'000
Forward contract:		
At 1 January	**98,396**	94,830
Total gains recognised in profit or loss	**(98,396)**	3,566
As 31 December	**–**	98,396

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

Fair value hierarchy (continued)

Liabilities measured at fair value:

Group

As at 31 December 2013

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

The Group did not have any financial liabilities measured at fair value as at 31 December 2014.

The Company did not have any financial assets or liabilities measured at fair value as at 31 December 2014 and 2013.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

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

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Pledged deposits, non-current portion	–	307,878	–	307,878
Trade and bills receivables, non-current portion	–	1,521,649	–	1,521,649
Financial assets included in prepayments, deposits and other receivables, non-current portion	–	1,074,581	–	1,074,581
	–	2,904,108	–	2,904,108

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Pledged deposits, non-current portion	–	266,240	–	266,240
Trade and bills receivables, non-current portion	–	930,044	–	930,044
Financial assets included in prepayments, deposits and other receivables, non-current portion	–	127,115	–	127,115
	–	1,323,399	–	1,323,399

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

Fair value hierarchy (continued)

Assets for which fair values are disclosed: (continued)

Company

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Pledged deposits, non-current portion	–	172,736	–	172,736
Trade receivables, non-current portion	–	1,086,434	–	1,086,434
	–	1,259,170	–	1,259,170

As at 31 December 2013

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

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowings	–	6,047,947	–	6,047,947
Trade and bills payables, non-current portion	–	651,074	–	651,074
Financial liabilities included in other payables and accruals, non-current portion	–	57,957	–	57,957
	–	6,756,978	–	6,756,978

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowings	–	7,423,870	–	7,423,870
Trade and bills payables, non-current portion	–	400,815	–	400,815
Financial liabilities included in other payables and accruals, non-current portion	–	10,292	–	10,292
	–	7,834,977	–	7,834,977

Company

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Trade and bills payables, non-current portion	**–**	**609,941**	**–**	**609,941**

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

As at 31 December 2013

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

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank loans and other borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

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

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. The Group's accounting policies in relation to derivative financial instruments are set out in note 2.4 above.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank loans and short-term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this mix in a cost-effective manner, the Group enters into an interest rate swap, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2014, after taking into account the effect of the interest rate swap, approximately 27% (2013: 19%) of the Group's interest-bearing borrowings bore interest at fixed rates.

If there were a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have decreased/increased by approximately RMB64,845,000 (2013: RMB40,261,000) for the year ended 31 December 2014, and there would be no impact on other components of the consolidated equity, except for retained profits, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and the Group has applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

(b) Foreign currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents, receivables, payables and bank loans that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the Euro, United States dollar and Hong Kong dollar.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

The Group's and the Company's exposures to foreign currencies as at 31 December 2014 and 2013 are as follows:

Group

	As at 31 December					
	2014			2013		
	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000
Trade receivables	76,577	6,827	–	1,207	78,273	–
Prepayments, deposits and other receivables	–	–	–	–	4,099	–
Cash and cash equivalents	5,866	106,101	5,101	39,217	14,473	(92,131)
Trade payables	(122,815)	(88,540)	–	(164,003)	–	–
Interest-bearing bank loans	(48,089)	–	–	–	–	–
	(88,461)	24,388	5,101	(123,579)	96,845	(92,131)

Company

	As at 31 December					
	2014			2013		
	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000	Euro RMB'000	United States dollar RMB'000	Hong Kong dollar RMB'000
Trade receivables	–	–	–	–	38,111	–
Cash and cash equivalents	–	2,104	733	296	2,687	731
Trade payables	(107,945)	–	–	(162,789)	–	–
Interest-bearing bank loans	(48,089)	–	–	–	–	–
	(156,034)	2,104	733	(162,493)	40,798	731

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates by 10%, with all other variables held constant, of the Group's profit before tax and the Group's and the Company's equity.

Sensitivity analysis

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

	2014 RMB'000	2013 RMB'000
If RMB weakens against Euro	(8,846)	(12,358)
If RMB strengthens against Euro	8,846	12,358
If RMB weakens against United States dollar	2,439	9,685
If RMB strengthens against United States dollar	(2,439)	(9,685)
If RMB weakens against Hong Kong dollar	510	(9,213)
If RMB strengthens against Hong Kong dollar	(510)	9,213

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

	As at 31 December	
	2014 RMB'000	2013 RMB'000
If RMB weakens against Euro	(15,603)	(16,249)
If RMB strengthens against Euro	15,603	16,249
If RMB weakens against United States dollar	210	4,080
If RMB strengthens against United States dollar	(210)	(4,080)
If RMB weakens against Hong Kong dollar	73	73
If RMB strengthens against Hong Kong dollar	(73)	(73)

The sensitivity analysis above has been determined assuming that the change in foreign currency rates had occurred on 31 December 2014 and the Group had applied the exposure to foreign currency risk to those monetary assets and liabilities and net investment operations in existence at those dates. The estimated 10% increase or decrease represents management's assessment of a reasonably possible change in foreign currency rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the year.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

The Group trades only with recognised and creditworthy parties. The Group has a credit policy in place which requires credit evaluations on all customers who wish to trade on credit terms. Receivable balances are monitored on an ongoing basis. In most instances, advance payments are required for customers of wind turbine generators. Otherwise, the credit quality of customers is assessed after taking into account the customers' financial position and past experience with the customers.

The Group establishes an allowance for impairment that represents its estimate of losses to be incurred in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the impaired financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Management evaluates the creditworthiness of the Group's existing and prospective customers and ensures that the customers have adequate financing for the projects as well as the source of the financing.

The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

Cash and bank balances are placed with banks and financial institutions which are regulated.

(d) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities with several banks of an amount up to RMB46,141,876,000 as at 31 December 2014, of which an amount of approximately RMB20,114,223,000 has been utilised.

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

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

Group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2014					
Trade and bills payables	**10,838,968**	**430,644**	**274,314**	**1,219**	**11,545,145**
Financial liabilities included in other payables and accruals	**608,475**	**968**	**12,905**	**75,680**	**698,028**
Interest-bearing bank loans and other borrowings	**5,859,282**	**386,816**	**1,643,579**	**3,992,354**	**11,882,031**
Interest payments on bank loans and other borrowings	**449,802**	**356,381**	**893,574**	**868,490**	**2,568,247**
	17,756,527	**1,174,809**	**2,824,372**	**4,937,743**	**26,693,451**
As at 31 December 2013					
Trade and bills payables	9,066,852	265,491	196,899	4,837	9,534,079
Financial liabilities included in other payables and accruals	433,927	–	–	10,292	444,219
Interest-bearing bank loans and other borrowings	570,705	3,344,497	1,790,121	2,270,533	7,975,856
Interest payments on bank loans and other borrowings	274,214	255,250	612,947	485,540	1,627,951
Derivative financial instruments	–	–	363	–	363
	10,345,698	3,865,238	2,600,330	2,771,202	19,582,468

Company

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
As at 31 December 2014				
Trade and bills payables	**7,360,265**	**401,937**	**259,470**	**8,021,672**
Financial liabilities included in other payables and accruals	**1,333,814**	**–**	**–**	**1,333,814**
Interest-bearing bank loans and other borrowings	**5,051,011**	**–**	**–**	**5,051,011**
Interest payments on bank loans and other borrowings	**35,451**	**–**	**–**	**35,451**
	13,780,541	**401,937**	**259,470**	**14,441,948**
As at 31 December 2013				
Trade and bills payables	6,855,895	245,781	188,083	7,289,759
Financial liabilities included in other payables and accruals	1,120,323	–	–	1,120,323
Interest-bearing bank loans and other borrowings	88,405	3,000,000	–	3,088,405
Interest payments on bank loans and other borrowings	64	–	–	64
	8,064,687	3,245,781	188,083	11,498,551

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade and bills payables, other payables and accruals, interest-bearing bank loans and other borrowings, less cash and cash equivalents and pledged deposits. Capital represents the equity attributable to owners of the parent stated in the consolidated statement of financial position.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios at the end of reporting periods are as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade and bills payables	**11,446,028**	9,464,058
Other payables and accruals	**3,912,166**	1,566,098
Interest-bearing bank loans and other borrowings	**11,880,451**	7,964,796
Less: Cash and cash equivalents	**(9,528,460)**	(4,320,749)
Pledged deposits, current portion	**(579,150)**	(134,337)
Net debt	**17,131,035**	14,539,866
Equity attributable to owners of the parent	**14,767,789**	13,367,526
Capital and net debt	**31,898,824**	27,907,392
Gearing ratio	**53.70%**	52.10%

48. APPROVAL OF THE FINANCIAL STATEMENTS

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

Financial Highlights for the Past Five Financial Years

(Except share data, all amounts in RMB thousands)

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2010	2011	2012	2013	**2014**
REVENUE	17,475,172	12,755,970	11,224,926	12,196,240	**17,572,601**
PROFIT BEFORE TAX	2,799,715	864,434	206,856	505,550	**2,108,986**
Income tax expense	(415,878)	(146,448)	(41,387)	(71,914)	**(255,473)**
PROFIT FOR THE YEAR	2,383,837	717,986	165,469	433,636	**1,853,513**
Profit attributable to:					
Owners of the Company	2,289,520	606,707	153,054	427,646	**1,829,682**
Non-controlling interests	94,317	111,279	12,415	5,990	**23,831**
OTHER COMPREHENSIVE INCOME, NET OF TAX	(27,475)	(105,460)	8,663	184,072	**(183,665)**
TOTAL COMPREHENSIVE INCOME	2,356,362	612,526	174,132	617,708	**1,669,848**
EARNINGS PER SHARE:					
Basic and diluted (RMB/Share)	0.99	0.23	0.06	0.16	**0.68**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2010	2011	2012	2013	**2014**
Cash and cash equivalents	9,323,600	7,596,918	6,817,928	4,320,749	**9,528,460**
Current assets	22,836,079	25,366,777	23,573,344	20,268,009	**28,094,889**
Non-current assets	5,561,537	7,063,409	8,823,154	15,076,840	**17,682,437**
Total assets	28,397,616	32,430,186	32,396,498	35,344,849	**45,777,326**
Current liabilities	(12,456,197)	(15,712,897)	(12,266,403)	(12,512,998)	**(22,319,761)**
Non-current liabilities	(2,310,519)	(3,448,780)	(6,844,470)	(9,038,915)	**(8,230,556)**
Total liabilities	(14,766,716)	(19,161,677)	(19,110,873)	(21,551,913)	**(30,550,317)**
Net assets	13,630,900	13,268,509	13,285,625	13,792,936	**15,227,009**
Issued share capital	2,694,588	2,694,588	2,694,588	2,694,588	**2,694,588**
Reserves	9,678,240	10,044,742	10,059,864	10,457,371	**10,995,366**
Equity attributable to owners of the Company	13,288,988	12,874,059	12,902,654	13,367,526	**14,767,789**
Non-controlling interests	341,912	394,450	382,971	425,410	**459,220**

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