

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**GOLDWIND**

**XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.\***

**新疆金風科技股份有限公司**

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

Stock Code : 02208

**ANNOUNCEMENT  
INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**Interim Results for the six months ended 30 June 2015**

***Compared to the financial results for the six months ended 30 June 2014:***

Revenue	an increase of 110.95% to approximately RMB9,375.66 million
Gross profit	an increase of 100.49% to approximately RMB2,704.91 million
Profit attributable to owners of the Company	an increase of 276.62% to approximately RMB1,245.46 million
Earnings per share	an increase of 276.62% <sup>◆</sup> to approximately RMB0.46

<sup>◆</sup> Values for percentage change were calculated based on net profits attributable to owners of the parent company adjusted to two decimal places.

The board of directors (the “**Board**”) of Xinjiang Goldwind Science & Technology Co., Ltd. (the “**Company**” or “**Goldwind**”) announces the unaudited financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015 (the “**Reporting Period**”).

*\* For identification purpose only*

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
REVENUE	4	9,375,658	4,444,458
Cost of sales		<u>(6,670,749)</u>	<u>(3,095,287)</u>
Gross profit		2,704,909	1,349,171
Other income and gains	4	393,278	143,882
Selling and distribution expenses		( 754,856)	( 429,298)
Administrative expenses		( 586,850)	( 425,487)
Other expenses		( 120,961)	( 60,550)
Finance costs	6	( 297,704)	( 238,865)
Share of profits and losses of:			
Joint ventures		48,004	22,749
Associates		<u>34,709</u>	<u>15,236</u>
PROFIT BEFORE TAX	5	1,420,529	376,838
Income tax expense	7	( 156,370)	( 32,192)
PROFIT FOR THE PERIOD		<u>1,264,159</u>	<u>344,646</u>
Attributable to:			
Owners of the parent		1,245,461	330,692
Non-controlling interests		<u>18,698</u>	<u>13,954</u>
		<u>1,264,159</u>	<u>344,646</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		( 96,150)	61,657
Net loss on available-for-sale financial assets		<u>( 23,254)</u>	<u>( 67,625)</u>
<b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax</b>		<u>( 119,404)</u>	<u>( 5,968)</u>
<i>Other comprehensive income/(loss) not to be reclassified to profit in subsequent periods (net of tax):</i>			
Net loss on cash flow hedges		<u>-</u>	<u>( 18,081)</u>
<b>Net other comprehensive income/(loss) not to be reclassified profit or loss in subsequent periods, net of tax</b>		<u>-</u>	<u>( 18,081)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		<u>( 119,404)</u>	<u>( 24,049)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>1,144,755</u>	<u>320,597</u>
Attributable to:			
Owners of the parent		1,126,057	306,643
Non-controlling interests		<u>18,698</u>	<u>13,954</u>
		<u>1,144,755</u>	<u>320,597</u>
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (expressed in RMB per share)	9	<u>0.46</u>	<u>0.12</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	12,789,860	10,481,778
Investment properties		75,144	76,593
Prepaid land lease payments		191,448	177,677
Goodwill		273,837	242,794
Other intangible assets		517,117	265,267
Investments in joint ventures		429,971	461,219
Investments in associates		492,323	456,076
Available-for-sale investments	11	855,930	827,777
Deferred tax assets	12	947,081	850,833
Trade receivables	13	1,664,835	1,514,030
Prepayments, deposits and other receivables	14	2,716,593	2,015,718
Derivative financial instruments	15	4,633	4,797
Pledged deposits	18	<u>309,238</u>	<u>307,878</u>
Total non-current assets		<u>21,268,010</u>	<u>17,682,437</u>
<b>CURRENT ASSETS</b>			
Inventories	16	4,950,426	3,649,585
Trade and bills receivables	13	13,828,377	11,294,246
Prepayments, deposits and other receivables	14	2,252,830	2,170,275
Equity investment at fair value through profit or loss	17	202,346	90,067
Derivative financial instruments	15	699	-
Pledged deposits	18	156,800	579,150
Cash and cash equivalents	18	<u>5,045,018</u>	<u>9,528,460</u>
		26,436,496	27,311,783
Assets of a disposal group classified as held for sale		<u>756,923</u>	<u>783,106</u>
Total current assets		<u>27,193,419</u>	<u>28,094,889</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	19	13,151,577	10,838,968
Other payables, advance from customers and accruals	20	4,232,908	3,854,209
Interest-bearing bank loans and other borrowing	21	2,893,407	5,857,702
Tax payable		204,993	230,025
Provision		<u>870,615</u>	<u>832,534</u>
		21,353,500	21,613,438
Liabilities directly associated with the assets classified as held for sale		<u>694,425</u>	<u>706,323</u>
Total current liabilities		<u>22,047,925</u>	<u>22,319,761</u>
NET CURRENT ASSETS		<u>5,145,494</u>	<u>5,775,128</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,413,504</u>	<u>23,457,565</u>

continued/...

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
 30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>26,413,504</u>	<u>23,457,565</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade payables	19	633,546	607,060
Other payables	20	71,069	57,957
Interest-bearing bank loans and other borrowing	21	8,615,235	6,022,749
Deferred tax liabilities	12	26,983	26,897
Provision		1,423,052	1,265,577
Government grants		248,170	244,218
Deferred revenue		<u>16,073</u>	<u>6,098</u>
Total non-current liabilities		<u>11,034,128</u>	<u>8,230,556</u>
Net assets		<u>15,379,376</u>	<u>15,227,009</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		2,694,588	2,694,588
Reserves		12,129,890	10,995,366
Proposed final dividend	8	-	<u>1,077,835</u>
<b>Non-controlling interests</b>		<u>14,824,478</u>	<u>14,767,789</u>
		<u>554,898</u>	<u>459,220</u>
Total equity		<u>15,379,376</u>	<u>15,227,009</u>

.....  
 Director      Wu Gang

.....  
 Director      Wang Haibo

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the six months ended 30 June 2015

	Attributable to owners of the Parent											
	Share capital (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Special reserve (Unaudited) RMB'000	Statutory surplus reserve (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Cash flow hedges, reserve (Unaudited) RMB'000	Available-for-sale investment revaluation reserve (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Proposed final dividend (Unaudited) RMB'000	Total (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
As at 1 January 2015	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
Profit for the period	-	-	-	-	1,245,461	-	-	-	-	1,245,461	18,698	1,264,159
Other comprehensive loss for the period:												
Changes in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	(23,254)	-	-	(23,254)	-	(23,254)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(96,150)	-	-	(96,150)	-	(96,150)
Total comprehensive income/(loss) for the period	-	-	-	-	1,245,461	-	(23,254)	(96,150)	-	1,126,057	18,698	1,144,755
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	59,900	59,900
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	21,293	21,293
Disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,080	4,080
Final 2014 dividend declared	-	-	-	-	-	-	-	-	(1,077,835)	(1,077,835)	-	(1,077,835)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(8,293)	(8,293)
Transfer to special reserve	-	-	17,172	-	-	-	-	-	-	17,172	-	17,172
Special reserve utilised	-	-	(8,705)	-	-	-	-	-	-	(8,705)	-	(8,705)
<b>At 30 June 2015</b>	<b><u>2,694,588</u></b>	<b><u>*7,962,425</u></b>	<b><u>*8,467</u></b>	<b><u>*652,350</u></b>	<b><u>*3,777,120</u></b>	<b><u>*-</u></b>	<b><u>*165,889</u></b>	<b><u>*(436,361)</u></b>	<b><u>-</u></b>	<b><u>14,824,478</u></b>	<b><u>554,898</u></b>	<b><u>15,379,376</u></b>
As at 1 January 2014	2,694,588	7,992,612	-	586,166	1,845,996	18,081	266,815	(252,299)	215,567	13,367,526	425,410	13,792,936
Profit for the period	-	-	-	-	330,692	-	-	-	-	330,692	13,954	344,646
Other comprehensive income/(loss) for the period:												
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	-	-	(67,625)	-	-	(67,625)	-	(67,625)
Cash flow hedges, net of tax	-	-	-	-	-	(18,081)	-	-	-	(18,081)	-	(18,081)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	61,657	-	61,657	-	61,657
Total comprehensive income/(loss) for the period	-	-	-	-	330,692	(18,081)	(67,625)	61,657	-	306,643	13,954	320,597
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	2,380	2,380
Acquisition of non-controlling interests	-	(27,730)	-	-	-	-	-	-	(27,730)	(27,730)	(6,245)	(33,975)
Disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,750	3,750
Final 2013 dividend declared	-	-	-	-	-	-	-	-	(215,567)	(215,567)	-	(215,567)
Dividend declared to non-controlling Shareholders	-	-	-	-	-	-	-	-	-	-	(7,586)	(7,586)
Transfer to special reserve	-	-	14,942	-	-	-	-	-	-	14,942	-	14,942
Special reserve utilised	-	-	(8,682)	-	-	-	-	-	-	(8,682)	-	(8,682)
<b>At 30 June 2014</b>	<b><u>2,694,588</u></b>	<b><u>*7,964,882</u></b>	<b><u>*6,260</u></b>	<b><u>*586,166</u></b>	<b><u>*2,176,688</u></b>	<b><u>*-</u></b>	<b><u>*199,190</u></b>	<b><u>*(190,642)</u></b>	<b><u>-</u></b>	<b><u>13,437,132</u></b>	<b><u>431,663</u></b>	<b><u>13,868,795</u></b>

\* As at 30 June 2015, these reserve accounts comprised the consolidated reserves of RMB12,129,890,000 (unaudited) (30 June 2014: RMB10,742,544,000(unaudited)) in the interim condensed consolidated statement of financial position.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		1,420,529	376,838
Adjustments for:			
Finance costs	6	297,704	238,865
Bank interest income		( 71,273)	( 2,953)
Share of profits and losses of joint ventures		( 48,004)	( 22,749)
Share of profits and losses of associates		( 34,709)	( 15,236)
Depreciation	5	234,762	163,605
Amortisation of prepaid land lease payments	5	2,069	1,576
Amortisation of other intangible assets	5	26,497	29,054
Losses on disposal of items of property, plant and equipment and other intangible assets, net	5	2,771	1,830
Gain on disposal of available-for-sale investments	4	( 42,335)	( 19,210)
Dividend income from available-for-sale investments	4	( 13,013)	( 1,155)
Interest from other investments		( 7,656)	( 4,574)
Fair value losses/(gains), net:			
Derivative financial instruments	5	( 539)	22,585
Equity investment at fair value through profit or loss	5	( 112,279)	-
Impairment of trade and other receivables	5	89,313	14,662
Write-down of inventories to net realisable value	5	8,820	-
Impairment of an investment in a joint venture	5	5,947	-
Government grants		( 19,108)	( 2,915)
		<u>1,739,496</u>	<u>780,223</u>
Increase in inventories		(1,302,293)	(1,775,807)
Increase in trade and bills receivables		(2,791,717)	( 285,172)
Increase in prepayments, deposits and other receivables		( 410,973)	( 605,557)
Increase/(decrease) in trade and bills payables		2,464,242	(1,682,468)
Increase in other payables, advance from customers and accruals		489,274	896,896
Increase in provision		195,556	35,477
Increase in government grants		<u>6,130</u>	<u>7,740</u>
Cash generated from operations		389,715	(2,628,668)
Interest received		71,273	-
Income tax paid		( 252,532)	( 84,488)
Net cash flows from/(used in) operating activities		<u>208,456</u>	<u>(2,713,156)</u>

continued/...

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(2,519,623)	( 782,780)
Additions to other intangible assets		( 227,351)	( 7,744)
Additions to prepaid land lease payments		( 15,839)	( 22,814)
Acquisition of a subsidiary, net of cash acquired	22	( 9,969)	-
Acquisitions of non-controlling interests		-	( 33,970)
Purchases of interests in joint ventures		( 7,354)	( 59,730)
Purchases of interests in associates		( 3,920)	-
Purchases of available-for-sale investments		( 51,500)	-
Purchase of other long-term assets		( 72,412)	( 35,020)
Disposal of interests in available-for-sale investments		12,094	-
Disposal of interest in a subsidiary to a non-controlling shareholder		-	1,500
Proceeds from disposals of items of property, plant and equipment		1,567	1,105
Disposals of subsidiaries, net of cash disposed of	23	17,098	-
Cash from disposals of subsidiaries in previous periods		34,929	81,446
Disposals of assets held for sale		-	40,288
Cash and cash equivalents included in assets held for sale		( 3,603)	( 8,129)
Increase in pledged deposits		( 24,717)	-
Increase/(decrease) in non-pledged time deposits with original maturity of three months or more when acquired		( 100,000)	40,088
Interest received		-	2,953
Dividends received from joint ventures and associates		85,298	19,235
Gain on disposals of available-for-sale investments	4	42,335	19,210
Cash from other investments		<u>32,899</u>	<u>5,205</u>
Net cash flows used in investing activities		<u>(2,810,068)</u>	<u>( 739,157)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans and other borrowing		3,938,706	3,604,544
Repayment of bank loans and other borrowing		(4,391,589)	( 437,140)
Increase in payables to the non-controlling shareholders of subsidiaries		-	960
Interest paid		( 499,795)	( 402,406)
Capital contributions from non-controlling shareholders		59,900	2,380
Dividends paid to shareholders		(1,064,877)	-
Dividends paid to non-controlling shareholders		( 8,293)	( 7,573)
Disposal of interests in subsidiaries to non-controlling shareholders		5,807	-
Increase in pledged deposits		<u>( 7,007)</u>	<u>( 9,769)</u>
Net cash flows from/(used in) financing activities		<u>(1,967,148)</u>	<u>2,750,996</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		9,523,826	4,276,301
Effect of foreign exchange rate changes, net		<u>( 10,048)</u>	<u>4,431</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	18	<u>4,945,018</u>	<u>3,579,415</u>

## 1. CORPORATE INFORMATION

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

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

- Manufacture and sale of wind turbine generators 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. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard (“IASs”) 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (“Listing Rules”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, except when otherwise indicated.



2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (continued)

2.2 Impact of amended International Financial Reporting Standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the revised International Financial Reporting Standards ("IFRSs") that are effective from 1 January 2015.

The nature and the impact of each amendment is described below:

*Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are effective for annual periods beginning on or after 1 July 2014. The amendments are not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

*Annual Improvements 2010-2012 Cycle*

These improvements are effective for annual periods beginning on or after 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar" ;
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group do not presented the reconciliation of segment assets to total assets in previous periods and current periods as the reconciliation is not reported to the chief operating decision maker for the purpose of decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (continued)

2.2 Impact of amended International Financial Reporting Standards (continued)

*Annual Improvements 2010-2012 Cycle (continued)*

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

*Annual Improvements 2011-2013 Cycle*

These improvements are effective for annual periods beginning on or after 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group does not have any joint arrangement, and thus this amendment is not relevant for the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRSs

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

IFRS 9	<i>Financial Instruments</i> <sup>3</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interest in Joint Operations</i> <sup>1</sup>
IFRS 14	<i>Regulatory Deferral Accounts</i> <sup>4</sup>
IFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
Amendments to IAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of IFRSs</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>4</sup> 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

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

### 3. OPERATING SEGMENT INFORMATION

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

- (a) the wind turbine generator manufacturing and sale segment engages in the research and development, manufacture and sale of wind turbine generators and wind power components;
- (b) the wind power services segment provides wind power related consultancy, wind farm construction, maintenance and transportation services;
- (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 others segment mainly engages in the operation of water treatment plants under the service concession arrangement and finance leasing services, which comprises direct finance leasing and sale-lease back .

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/ (loss), which is a measure of adjusted profit / (loss) before tax. The adjusted profit/ (loss) before tax is measured consistently with the Group's profit before tax.

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

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue and profit information about the Group's operating segments for the six months ended 30 June 2015 and 2014:

For the six months ended 30 June 2015

	Wind turbine generator manufacturing and sale (Unaudited) RMB'000	Wind power services (Unaudited) RMB'000	Wind farm development (Unaudited) RMB'000	Others (Unaudited) RMB'000	Eliminations (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Segment revenue:</b>						
Sales to external customers	8,008,317	451,991	833,676	81,674	-	9,375,658
Intersegment sales	<u>2,201,622</u>	<u>92,379</u>	<u>-</u>	<u>3,153</u>	<u>(2,297,154)</u>	<u>-</u>
Total revenue	<u>10,209,939</u>	<u>544,370</u>	<u>833,676</u>	<u>84,827</u>	<u>(2,297,154)</u>	<u>9,375,658</u>
<b>Segment results:</b>						
Interest income	1,270,914	10,067	502,917	209,350	( 346,288)	1,646,960
Finance costs	101,126	109	3,433	3,044	( 36,439)	71,273
	<u>( 71,264)</u>	<u>( 2)</u>	<u>( 227,129)</u>	<u>( 2,462)</u>	<u>3,153</u>	<u>( 297,704)</u>
Profit before tax	<u>1,300,776</u>	<u>10,174</u>	<u>279,221</u>	<u>209,932</u>	<u>( 379,574)</u>	<u>1,420,529</u>
<b>Other segment information:</b>						
Share of profits and losses of:						
Joint ventures	-	-	48,004	-	-	48,004
Associates	1,829	( 123)	4,506	28,497	-	34,709
Depreciation and amortisation	68,761	3,592	214,149	2,355	( 25,529)	263,328
Write-down of inventories to net realisable value	8,820	-	-	-	-	8,820
Impairment of trade and other receivables	130,049	3,436	7,223	-	-	140,708
Reversal of impairment of trade receivables	( 51,395)	-	-	-	-	( 51,395)
Impairment of an investment in a joint venture	5,947	-	-	-	-	5,947
Product warranty provision	419,592	-	-	-	( 33,351)	386,241
Investments in joint ventures	1,546	-	567,955	48,000	( 187,530)	429,971
Investments in associates	67,553	9,857	247,790	204,060	( 36,937)	492,323
Capital expenditure <sup>(1)</sup>	91,221	3,342	3,110,429	244,054	( 568,551)	2,880,495

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2014

	Wind turbine generator manufacturing and sale (Unaudited) RMB'000	Wind power services (Unaudited) RMB'000	Wind farm development (Unaudited) RMB'000	Others (Unaudited) RMB'000	Eliminations (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Segment revenue:</b>						
Sales to external customers	3,683,028	241,134	520,296	-	-	4,444,458
Intersegment sales	<u>285,922</u>	<u>50,021</u>	<u>-</u>	<u>-</u>	<u>(335,943)</u>	<u>-</u>
Total revenue	<u>3,968,950</u>	<u>291,155</u>	<u>520,296</u>	<u>-</u>	<u>(335,943)</u>	<u>4,444,458</u>
<b>Segment results:</b>						
Interest income	398,821	6,133	267,184	7,807	( 81,902)	598,043
Finance costs	15,213	55	2,187	205	-	17,660
	<u>( 114,298)</u>	<u>-</u>	<u>(124,567)</u>	<u>-</u>	<u>-</u>	<u>( 238,865)</u>
Profit before tax	<u>299,736</u>	<u>6,188</u>	<u>144,804</u>	<u>8,012</u>	<u>( 81,902)</u>	<u>376,838</u>
<b>Other segment information:</b>						
Share of profits and losses of:						
Joint ventures	-	-	22,749	-	-	22,749
Associates	1,646	( 557)	5,833	8,314	-	15,236
Depreciation and amortisation	72,134	1,171	132,621	51	( 11,742)	194,235
Impairment of trade and other receivables	78,847	16,390	21,466	-	-	116,703
Reversal of impairment of trade receivables	( 96,934)	( 5,107)	-	-	-	( 102,041)
Product warranty provision	132,451	-	-	-	-	132,451
Capital expenditure <sup>(1)</sup>	76,223	2,296	335,798	390,931	(107,463)	697,785

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

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2015 and 31 December 2014, respectively:

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others	Eliminations RMB'000	Total RMB'000
Segment assets						
30 June 2015 (Unaudited)	<u>36,784,709</u>	<u>1,335,190</u>	<u>20,963,908</u>	<u>3,048,018</u>	<u>(13,670,396)</u>	<u>48,461,429</u>
31 December 2014 (Audited)	<u>36,270,463</u>	<u>1,216,952</u>	<u>18,090,589</u>	<u>2,506,372</u>	<u>(12,307,050)</u>	<u>45,777,326</u>
Segment liabilities						
30 June 2015 (Unaudited)	<u>21,627,918</u>	<u>766,575</u>	<u>13,600,164</u>	<u>1,450,849</u>	<u>(4,363,453)</u>	<u>33,082,053</u>
31 December 2014 (Audited)	<u>20,944,461</u>	<u>562,672</u>	<u>11,113,418</u>	<u>1,119,991</u>	<u>(3,190,225)</u>	<u>30,550,317</u>

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Mainland China	8,232,590	3,817,463
Overseas	<u>1,143,068</u>	<u>626,995</u>
	<u>9,375,658</u>	<u>4,444,458</u>

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

(b) Non-current assets

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Mainland China	14,236,420	11,432,697
United States of America	298,481	305,366
Germany	432,653	482,912
Panama	741,471	756,662
Australia and Others	<u>375,841</u>	<u>124,904</u>
	<u>16,084,866</u>	<u>13,102,541</u>

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

Information about major customers

For the six months ended 30 June 2015, no revenue generated from any of the Group's customers individually accounted for 10% or more of the Group's total revenue (six months ended 30 June 2014: RMB451,421,000).

4. REVENUE, OTHER INCOME AND GAINS

Revenue, 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 values of services rendered.

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

	<u>For the six months ended 30 June</u>	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<u>Revenue</u>		
Sale of wind turbine generators and wind power components	8,008,317	3,683,028
Wind power services	451,991	241,134
Wind farm development	833,676	520,296
Others	<u>81,674</u>	<u>-</u>
	<u>9,375,658</u>	<u>4,444,458</u>
<u>Other income and gains</u>		
Bank interest income	71,273	17,660
Dividend income from available-for-sale investments	13,013	1,155
Gross rental income	12,388	2,282
Government grants	37,119	46,858
Value-added tax refund	31,503	5,189
Insurance compensation on product warranty expenditures	35,476	18,229
Gain on disposal of available-for-sale investments	42,335	19,210
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	539	-
Equity investment at fair value through profit or loss	112,279	-
Gains on foreign exchange differences	-	15,977
Interests from other receivable investment	7,656	4,574
Others	<u>29,697</u>	<u>12,748</u>
	<u>393,278</u>	<u>143,882</u>



XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Cost of inventories sold		6,018,829	2,851,145
Cost of wind power generation		253,904	152,552
Cost of services provided		<u>398,016</u>	<u>91,590</u>
		<u>6,670,749</u>	<u>3,095,287</u>
Depreciation provided for:			
Property, plant and equipment	10	233,314	162,157
Investment properties		<u>1,448</u>	<u>1,448</u>
		<u>234,762</u>	<u>163,605</u>
Amortisation of prepaid land lease payments		2,069	1,576
Amortisation of other intangible assets		<u>26,497</u>	<u>29,054</u>
		<u>28,566</u>	<u>30,630</u>
Impairment of trade and bills receivables	13	128,246	95,236
Reversal of impairment of trade and bills receivables	13	( 51,395)	( 102,041)
Impairment of prepayments, deposits and other receivables	14	<u>12,462</u>	<u>21,467</u>
		<u>89,313</u>	<u>14,662</u>
Impairment of an investment in a joint venture		5,947	-
Write-down of inventories to net realisable value		8,820	-
Loss on disposals of items of property, plant and equipment, net		2,771	1,830
Lease expenses under operating leases of land and buildings		6,059	6,483
Auditors' remuneration		1,651	1,545
Employee benefit expenses (including directors', supervisors' and the chief executive's remuneration):			
Wages and salaries		444,043	275,690
Pension scheme contributions (defined contribution scheme)		41,576	32,093
Welfare and other expenses		<u>78,298</u>	<u>61,831</u>
		<u>563,917</u>	<u>369,614</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

5. PROFIT BEFORE TAX (continued)

	<u>For the six months ended 30 June</u>	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Research and development costs:		
Staff costs	117,463	73,527
Amortisation and depreciation	20,112	10,605
Materials expenditure and others	<u>80,276</u>	<u>58,664</u>
	<u>217,851</u>	<u>142,796</u>
Government grants	( 37,119)	( 46,858)
Product warranty provision:		
Additional provision	403,254	132,451
Reversals of unutilised provision	<u>( 17,013)</u>	<u>-</u>
	<u>386,241</u>	<u>132,451</u>
Insurance compensation on product warranty expenditures	( 35,476)	( 18,229)
Foreign exchange differences, net	13,637	( 15,977)
Fair value loss/(gains),net:		
Derivative instruments – transactions not qualifying as hedges	( 539)	22,585
Equity investment at fair value through profit or loss	(112,279)	-
Bank interest income	( 71,273)	( 17,660)
Gain on disposal of available-for-sale investments	( 42,335)	( 19,210)
Gain on disposal of items of property, plant and equipment	( 35)	( 57)

6. FINANCE COSTS

	<u>For the six months ended 30 June</u>	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans and other borrowing wholly repayable:		
Within five years	202,793	229,510
Above five years	<u>133,971</u>	<u>87,270</u>
	336,764	316,780
Interest capitalised	<u>( 39,060)</u>	<u>( 77,915)</u>
	<u>297,704</u>	<u>238,865</u>

7. INCOME TAX EXPENSE

The Company has been identified as a “high and new technology enterprise” and is to be entitled to preferential income tax at a rate of 15% for the three years ended 31 December 2017 in accordance with the PRC Corporate Income Tax Law.

The Company’s certain subsidiaries in Mainland China were exempted from income tax or taxed at a preferential rate of 15% primarily due to their status as entities engaging in technology development or their involvement in important public infrastructure investment projects that were supported by the government or 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 have been 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 period.

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

	<u>For the six months ended 30 June</u>	
	2015 (Unaudited) RMB’000	2014 (Unaudited) RMB’000
Current income tax		
- Hong Kong	40,603	11,751
- Mainland China	204,256	59,006
- Elsewhere	<u>6,035</u>	<u>13,730</u>
	250,894	84,487
Deferred income tax (note 12)	<u>( 94,524)</u>	<u>(52,295)</u>
Tax charge for the period	<u>156,370</u>	<u>32,192</u>

7. 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:

	<u>For the six months ended 30 June</u>	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Profit before tax	1,420,529	376,838
Income tax charge at the statutory income tax rate of 25%	355,132	94,209
Effect of the different income tax rates for overseas entities	( 5,362)	( 1,518)
Effect of the preferential income tax rates for domestic entities	( 163,592)	(64,797)
Tax losses not recognised	( 5,517)	23,672
Expenses not deductible for tax purposes	1,204	2,850
Tax effect of share of profits and losses of joint ventures	( 12,001)	( 5,687)
Tax effect of share of profits and losses of associates	( 8,677)	( 3,809)
Others	( 4,817)	(12,728)
Tax charge for the period at the effective rate	<u>156,370</u>	<u>32,192</u>

8. DIVIDENDS

The proposed final dividend of RMB0.40 per share, which amounted to RMB1,077,835,000, for the year ended 31 December 2014 was approved by the Company's shareholders on 9 June 2015.

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

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

The calculation of the basic earnings per share amount for the period is based on the profit for the six months ended 30 June 2015 attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,694,588,000 (six months ended 30 June 2014: 2,694,588,000) in issue during the period.

	<u>For the six months ended 30 June</u>	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>1,245,461</u>	<u>330,692</u>
	Number of shares	
	<u>For the six months ended 30 June</u>	
	2015	2014
	(Unaudited)	(Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>2,694,588,000</u>	<u>2,694,588,000</u>

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2015 and 2014.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

10. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June 2015					
	Buildings (Unaudited) RMB'000	Machinery (Unaudited) RMB'000	Vehicles (Unaudited) RMB'000	Electronic equipment and others (Unaudited) RMB'000	Construction in progress (Unaudited) RMB'000	Total (Unaudited) RMB'000
Cost:						
At 1 January 2015	841,890	7,772,248	74,327	269,181	2,316,858	11,274,504
Additions	79	8,109	5,807	26,632	2,538,992	2,579,619
Disposals	-	( 4,929)	( 623)	( 4,421)	-	( 9,973)
Disposal of a subsidiary (note 23)	-	-	( 235)	( 4)	( 17,380)	( 17,619)
Transfers	-	436,615	-	-	( 436,615)	-
Acquisition of subsidiaries (note 22)	-	351	-	424	7,667	8,442
Exchange realignment	( 5,803)	( 18,206)	( 660)	( 2,924)	( 2,199)	( 29,792)
At 30 June 2015	<u>836,166</u>	<u>8,194,188</u>	<u>78,616</u>	<u>288,888</u>	<u>4,407,323</u>	<u>13,805,181</u>
Accumulated depreciation and impairment:						
At 1 January 2015	( 96,602)	( 535,971)	(25,498)	(134,655)	-	( 792,726)
Depreciation charge for the period (note 5)	( 11,479)	( 198,850)	( 4,870)	( 18,115)	-	( 233,314)
Disposals	-	1,173	446	3,040	-	4,659
Disposal of a subsidiary (note 23)	-	-	7	-	-	7
Exchange realignment	<u>932</u>	<u>3,382</u>	<u>302</u>	<u>1,437</u>	<u>-</u>	<u>6,053</u>
At 30 June 2015	<u>(107,149)</u>	<u>( 730,266)</u>	<u>(29,613)</u>	<u>(148,293)</u>	<u>-</u>	<u>( 1,015,321)</u>
Net carrying amount:						
At 30 June 2015	<u>729,017</u>	<u>7,463,922</u>	<u>49,003</u>	<u>140,595</u>	<u>4,407,323</u>	<u>12,789,860</u>
At 1 January 2015	<u>745,288</u>	<u>7,236,277</u>	<u>48,829</u>	<u>134,526</u>	<u>2,316,858</u>	<u>10,481,778</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	For the 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	-	-	203	143	7,009	7,355
Disposals of subsidiaries	-	-	-	-	( 222)	( 222)
Disposal of a business	-	-	-	( 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	<u>841,890</u>	<u>7,772,248</u>	<u>74,327</u>	<u>269,181</u>	<u>2,316,858</u>	<u>11,274,504</u>
Accumulated depreciation and impairment:						
At 1 January 2014	( 75,588)	( 242,433)	(20,115)	(111,850)	-	( 449,986)
Depreciation charge for the year	( 23,074)	( 306,514)	( 9,055)	( 33,620)	-	( 372,263)
Disposals	-	10,698	3,190	5,020	-	18,908
Acquisition of subsidiaries	-	-	( 122)	( 90)	-	( 212)
Disposal of a business	-	-	-	901	-	901
Exchange realignment	<u>2,060</u>	<u>2,278</u>	<u>604</u>	<u>4,984</u>	-	<u>9,926</u>
At 31 December 2014	<u>( 96,602)</u>	<u>( 535,971)</u>	<u>(25,498)</u>	<u>(134,655)</u>	-	<u>( 792,726)</u>
Net carrying amount:						
At 31 December 2014	<u>745,288</u>	<u>7,236,277</u>	<u>48,829</u>	<u>134,526</u>	<u>2,316,858</u>	<u>10,481,778</u>
At 1 January 2014	<u>768,640</u>	<u>2,269,812</u>	<u>49,169</u>	<u>129,401</u>	<u>7,132,270</u>	<u>10,349,292</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

11. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2015 (Unaudited ) RMB'000	As at 31 December 2014 (Audited ) RMB'000
Listed equity investment, at fair value	349,170	372,517
Unlisted equity investments, at cost	<u>506,760</u>	<u>455,260</u>
	<u>855,930</u>	<u>827,777</u>

12. DEFERRED TAX

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

For the six months ended 30 June 2015

Deferred tax assets

	Provision for impairment of assets (Unaudited) RMB'000	Tax losses (Unaudited) RMB'000	Provisions and accruals (Unaudited) RMB'000	Government grants received not yet recognised as income (Unaudited) RMB'000	Unrealised gains arising from intra-group sales (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2015	108,249	30,588	423,731	5,293	265,752	17,220	850,833
Deferred tax credited/(charged) to profit or loss during the period (note 7)	<u>8,465</u>	<u>7,040</u>	<u>( 3,755)</u>	<u>503</u>	<u>73,993</u>	<u>10,002</u>	<u>96,248</u>
Deferred tax assets at 30 June 2015	<u>116,714</u>	<u>37,628</u>	<u>419,976</u>	<u>5,796</u>	<u>339,745</u>	<u>27,222</u>	<u>947,081</u>

Deferred tax liabilities

	Excess of fair values of identifiable assets and liabilities over carrying values in the acquisition of a subsidiary (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2015	21,122	5,775	26,897
Deferred tax (credited)/charged to profit or loss during the period (note 7)	<u>( 3,198)</u>	<u>4,922</u>	<u>1,724</u>
Exchange differences	<u>( 1,638)</u>	<u>-</u>	<u>( 1,638)</u>
Deferred tax liabilities at 30 June 2015	<u>16,286</u>	<u>10,697</u>	<u>26,983</u>



XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

12. DEFERRED TAX (continued)

For the year ended 31 December 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 during the year	<u>11,705</u>	<u>(15,738)</u>	<u>115,047</u>	<u>1,099</u>	<u>17,937</u>	<u>6,613</u>	<u>136,663</u>
Deferred tax assets at 31 December 2014	<u>108,249</u>	<u>30,588</u>	<u>423,731</u>	<u>5,293</u>	<u>265,752</u>	<u>17,220</u>	<u>850,833</u>

Deferred tax liabilities

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

13. TRADE AND BILLS RECEIVABLES

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Trade receivables	11,860,634	10,193,845
Bills receivable	993,864	533,220
Retention money receivables	3,176,857	2,545,195
Provision for impairment	<u>( 538,143)</u>	<u>( 463,984)</u>
	15,493,212	12,808,276
Portion classified as non-current assets	<u>( 1,664,835)</u>	<u>( 1,514,030)</u>
Current portion	<u>13,828,377</u>	<u>11,294,246</u>

The Group normally allows a credit period of not more than three months to its customers. For retention money receivables, the due dates usually range from two to five years after the completion of commissioning for wind turbines. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivable 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.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

13. TRADE AND BILLS RECEIVABLES (continued)

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

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Within 3 months	2,191,121	5,051,238
3 to 6 months	2,374,290	2,183,369
6 months to 1 year	6,388,344	1,628,581
1 to 2 years	2,345,681	2,160,463
2 to 3 years	958,083	755,948
Over 3 years	<u>1,235,693</u>	<u>1,028,677</u>
	<u>15,493,212</u>	<u>12,808,276</u>

The movements in the provision for impairment of trade receivables are as follows:

	For the six months ended 30 June 2015 (Unaudited) RMB'000	For the year ended 31 December 2014 (Audited) RMB'000
At beginning of the period/year	463,984	506,616
Impairment losses recognised (note 5)	128,246	95,653
Impairment losses reversed (note 5)	( 51,395)	(111,823)
Amounts written off as uncollectible	( 1,730)	( 28,442)
Exchange realignment	<u>( 962)</u>	<u>1,980</u>
At end of the period/year	<u>538,143</u>	<u>463,984</u>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB153,540,000 (31 December 2014: RMB119,993,000) with a carrying amount before provision of RMB185,047,000 (31 December 2014: RMB223,253,000).

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.

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

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Neither past due nor impaired	5,384,069	7,509,531
Less than 3 months past due	5,936,047	2,579,335
3 to 6 months past due	<u>755,641</u>	<u>438,864</u>
	<u>12,075,757</u>	<u>10,527,730</u>

13. TRADE AND BILLS RECEIVABLES (continued)

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

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

The amounts due from Xinjiang Wind Power Company Limited (“Xinjiang Wind Power”) (新疆风能有限责任公司), the largest shareholder, who holds a 13.95% interest in the Company, joint ventures and associates included in the trade and bills receivables are as follows:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
A shareholder holding a 13.95% interest in the Company	6,310	17,008
Joint ventures	57,490	252,583
Associates	<u>35,687</u>	<u>260,334</u>
	<u>99,487</u>	<u>529,925</u>

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

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Deposits and other receivables	3,346,956	2,872,109
Advance to suppliers	1,110,314	1,006,217
Prepayments	540,791	323,858
Provision for impairment of deposits and other receivables	<u>( 28,638)</u>	<u>( 16,191)</u>
	4,969,423	4,185,993
Portion classified as non-current assets	<u>(2,716,593)</u>	<u>(2,015,718)</u>
Current portion	<u>2,252,830</u>	<u>2,170,275</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

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

	For the six months ended 30 June 2015 (Unaudited) RMB'000	For the year ended 31 December 2014 (Audited) RMB'000
At beginning of the period/year	16,191	19,650
Impairment losses recognised (note 5)	12,462	29,518
Amounts written off as uncollectible	-	(32,953)
Exchange realignment	( 15)	( 24)
At end of the period/year	<u>28,638</u>	<u>16,191</u>

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

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Joint ventures	14,539	6,133
Associates	<u>306,417</u>	<u>346,637</u>
	<u>320,956</u>	<u>352,770</u>

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

15. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Assets		
Interest rate swap	4,633	4,797
Forward currency contract	<u>699</u>	<u>-</u>
	5,332	4,797
Portion classified as non-current assets	<u>(4,633)</u>	<u>(4,797)</u>
Current portion	<u>699</u>	<u>-</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

16. INVENTORIES

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Raw materials	1,531,725	1,454,959
Work in progress	2,408,792	1,098,449
Finished and semi-finished goods	997,046	1,094,701
Low-value consumables and others	<u>12,863</u>	<u>1,476</u>
	<u>4,950,426</u>	<u>3,649,585</u>

17. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Listed equity investment, at market value		
A share	<u>202,346</u>	<u>90,067</u>

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. And meanwhile, Shanghai Dingli issued 6,771,954 A shares with a price of RMB10.12 per share and paid cash of RMB12,093,000 as a consideration to Goldwind Holding.

The above equity investment at 30 June 2015 and 31 December 2014 was classified as held for trading and was, upon initial recognition, designated by the Group as a financial asset at fair value through profit or loss.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Cash and bank balances	4,218,934	5,758,314
Time deposits	<u>1,292,122</u>	<u>4,657,174</u>
	5,511,056	10,415,488
Less: Pledged time deposits for		
- Bank loans	( 115,359)	( 82,565)
- Uncompleted transaction	( 11,888)	( 5,208)
- Letters of credit	( 27,092)	( 2,807)
- Guarantee issued	( 2,461)	( 488,570)
- Provision of risk (i)	<u>( 309,238)</u>	<u>( 307,878)</u>
	<u>( 466,038)</u>	<u>( 887,028)</u>
Cash and cash equivalents in the consolidated statement of financial position	5,045,018	9,528,460
Less: Non-pledged time deposits with original maturity of three months or more when acquired	<u>( 100,000)</u>	<u>( 4,634)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>4,945,018</u>	<u>9,523,826</u>
Pledged deposits	466,038	887,028
Portion classified as non-current assets	<u>( 309,238)</u>	<u>( 307,878)</u>
Current portion	<u>156,800</u>	<u>579,150</u>
Cash and cash equivalents and pledged deposits denominated in:		
- RMB	4,545,115	9,374,690
- United States dollar	507,803	618,820
- Euro	330,216	327,495
- Hong Kong dollar	110,344	63,248
- Other currencies	<u>17,578</u>	<u>31,235</u>
	<u>5,511,056</u>	<u>10,415,488</u>

(i) Details of pledged time deposits for provision of risk are included in note 24.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

19. TRADE AND BILLS PAYABLES

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Trade payables	9,153,582	6,335,137
Bills payable	<u>4,631,541</u>	<u>5,110,891</u>
	13,785,123	11,446,028
Portion classified as non-current liabilities	<u>( 633,546)</u>	<u>( 607,060)</u>
Current portion	<u>13,151,577</u>	<u>10,838,968</u>

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

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

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Within 3 months	9,283,891	5,884,047
3 to 6 months	2,712,436	4,018,510
6 months to 1 year	710,579	571,026
1 to 2 years	551,951	491,142
2 to 3 years	232,290	183,998
Over 3 years	<u>293,976</u>	<u>297,305</u>
	<u>13,785,123</u>	<u>11,446,028</u>

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

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Associates	<u>1,559,007</u>	<u>1,465,160</u>

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

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

20. OTHER PAYABLES, ADVANCE FROM CUSTOMERS AND ACCRUALS

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Advances from customers	3,480,025	2,699,847
Accrued salaries, wages and benefits	234,986	341,741
Other taxes payable	36,692	204,146
Others	<u>552,274</u>	<u>666,432</u>
	4,303,977	3,912,166
Portion classified as non-current liabilities	<u>( 71,069 )</u>	<u>( 57,957 )</u>
Current portion	<u>4,232,908</u>	<u>3,854,209</u>

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

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Joint ventures	12,852	1,740
Associates	<u>1,952</u>	<u>888</u>
	<u>14,804</u>	<u>2,628</u>

The above amounts are non-interest-bearing and have no fixed terms of repayment.



XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

21. INTEREST-BEARING BANK LOANS AND OTHER BORROWING

	As at 30 June 2015 (Unaudited)			As at 31 December 2014 (Audited)		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Short-term bank loans:						
- Unsecured	2.50-7.80	2015-2016	1,045,341	2.50-6.00	2015	1,635,231
- Secured	2.29-6.55	2015-2016	1,481,119	6.00-6.60	2015	912,382
Current portion of long-term bank loans:						
- Unsecured	2.50-7.80	2015-2016	9,768	Six-month LIBOR+3.5	2015	3,672
- Secured	2.29-6.55	2015-2016	357,179	3.25-6.8775	2015	307,997
Corporate bond (i):						
- Unsecured			-	6.63	2015	<u>2,998,420</u>
			<u>2,893,407</u>			<u>5,857,702</u>
<b>Non-current</b>						
Long-term bank loans:						
- Unsecured	2.50-7.86	2016-2021	416,555	Six-month LIBOR+3.5	2016-2021	22,028
- Secured	2.29-6.55	2016-2031	7,703,520	3.25-6.8775	2016-2031	6,000,721
Medium-term notes (ii):						
- Unsecured			<u>495,160</u>			<u>-</u>
			<u>8,615,235</u>			<u>6,022,749</u>
			<u>11,508,642</u>			<u>11,880,451</u>
Interest-bearing bank loans and other borrowing denominated in:						
- RMB			10,663,642			11,311,789
- Euro			115,620			127,306
- United States dollar			<u>729,380</u>			<u>441,356</u>
			<u>11,508,642</u>			<u>11,880,451</u>

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

(ii) In May 2015, the Company received The Acceptance of Registration Notice from China Interbank Market Association with the agreement of the Company's medium-term notes registration, amount of RMB2.3 billion. In June 2015, the Company issued the first medium-term notes in an aggregate value of RMB500 million, which are repayable in June 2018 and its applicable interest rate is 4.98% per annum. The issue price for each of the medium-term notes is RMB100.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

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

The maturity profile of the interest-bearing bank loans and other borrowing as at 30 June 2015 and 31 December 2014 are as follows:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Analysed into:		
Bank loans repayable		
Within one year	2,893,407	2,859,282
In the second year	1,470,297	386,816
In the third to fifth years, inclusive	1,450,337	1,643,579
Above five years	<u>5,199,441</u>	<u>3,992,354</u>
	11,013,482	8,882,031
Corporate bond repayable		
Within one year	-	2,998,420
Medium-term notes repayable		
In the third year	<u>495,160</u>	<u>-</u>
	<u>11,508,642</u>	<u>11,880,451</u>

22. BUSINESS COMBINATION

In March and April 2015, the Group acquired 70% and 100% equity interests in Fusong Xiaoqing Water Service Co., Ltd., and White Rock Wind Farm Pty. Ltd. from independent parties, respectively, with cash considerations of RMB35,000,000 and RMB45,716,000, respectively. In addition, the Group acquired 51% equity interest in Shuozhou PingLu District WoLong Wind Power Co., Ltd. ("Shuozhou Pinglu") by capital injection of RMB6,250,000 in Suzhou Pinglu.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

22. BUSINESS COMBINATION (continued)

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

	Fair value recognised on acquisition (Unaudited) RMB'000
Property, plant and equipment (note 10)	8,442
Trade and bills receivables	7,030
Other intangible assets	274,223
Inventories	83
Prepayments, deposits and other receivables	962
Cash and cash equivalents	6,281
Trade and bills payables	(129,420)
Other payables and accruals	( 6,438)
Interest-bearing bank loans	( 98,000)
 Total identifiable net assets at fair value	 63,163
 Non-controlling interests	 ( 21,293) 41,870
 Goodwill on acquisition	 45,779
Gain on bargain purchase recognised in other income and gains in profit or loss	( 683)
 Total Consideration	 <u>86,966</u>
 Satisfied by:	
Cash	16,250
Other payables	<u>70,716</u>
	<u>86,966</u>

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

	30 June 2015 (Unaudited) RMB'000
Cash and cash equivalents paid	( 16,250)
Cash and bank balances acquired	<u>6,281</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	( 9,969)

Since the acquisition, the newly-acquired subsidiaries contributed RMB5,208,000 to the Group's revenue and RMB783,000 to the consolidated profit for the six months ended 30 June 2015.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the six months ended 30 June 2015 would have been RMB9,380,512,000 and RMB1,257,647,000, respectively.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

23. DISPOSALS OF SUBSIDIARIES

On 31 January 2015, the Group disposed its 100% equity interests in Jingbian Fengrun Wind Farm Co., Ltd. to a third party with a cash consideration of RMB20,300,000.

The net assets/liabilities of the subsidiaries disposed of during the six months ended 30 June were as follows:

	note	30 June 2015 (Unaudited) RMB'000
Property, plant and equipment	10	17,612
Cash and cash equivalents		3,202
Trade and other payables		( 514)
		20,300
Gain on disposals of subsidiaries		-
Total consideration		<u>20,300</u>
Satisfied by cash		<u>20,300</u>

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

	30 June 2015 (Unaudited) RMB'000
Cash consideration	20,300
Cash and cash equivalents disposed of	( 3,202)
Net inflow of cash and cash equivalents in respect of the disposals of subsidiaries	<u>17,098</u>

24. CONTINGENT LIABILITIES

As at 30 June 2015, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Letters of credit issued	192,860	149,746
Letters of guarantee issued	7,904,634	8,619,113
Guarantees given to a bank in connection with a bank loan granted to:		
A joint venture	175,000	188,000
A third party	319,805	347,073
Compensation arrangement in connection with the bank loans of the Group's customers (i)	<u>508,568</u>	<u>1,018,083</u>
	<u>9,100,867</u>	<u>10,322,015</u>

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

- (i) Pursuant to the agreement entered into between the Company with a bank ("Bank"), a risk compensation arrangement in connection with the loans of the Group's overseas customers, i.e., the wind farm project companies, was made as follows: (1) the Company deposited with the Bank provisions in cash as a risk compensation fund at 10% of the 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 transfer 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 30 June 2015, the above risk compensation arrangements covered for bank loans of two overseas wind farm project companies totaled RMB508,568,000.

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.

25. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and certain equipment under operating lease arrangements, with leases negotiated for terms ranging from one to five years. As at 30 June 2015 and 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Within one year	5,246	3,091
In the second year to fifth years, inclusive	<u>1,875</u>	<u>2,090</u>
	<u>7,121</u>	<u>5,181</u>

(b) As lessee

As at 30 June 2015 and 31 December 2014, the Group had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Within one year	6,929	2,116
In the second to fifth years, inclusive	9,709	1,513
Beyond five years	<u>4,906</u>	<u>27,286</u>
	<u>21,544</u>	<u>30,915</u>

26. COMMITMENTS

In addition to the operating lease commitments detailed in note 25(b) above, the Group had the following capital commitments as at 30 June 2015 and 31 December 2014:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Contracted, but not provided for		
Property, plant and equipment and land use rights	2,589,589	2,800,373
Authorised, but not contracted for		
Property, plant and equipment and land use rights	351,640	362,200
Capital contribution payable to equity investments	<u>41,444</u>	<u>386,303</u>
	<u>2,982,673</u>	<u>3,548,876</u>

27. RELATED PARTY TRANSACTIONS

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

	<u>For the six months ended 30 June</u>	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
<b>Continuing transactions</b>		
A shareholder holding a 13.95% interest in the Company:		
Sales of spare parts	<u>-</u>	<u>79</u>
Associates:		
Sales of wind turbine generators and spare parts	550	2,143
Purchases of spare parts	1,717,741	755,531
Purchases of processing services	28,979	6,818
Provision of services	<u>2,028</u>	<u>20</u>
	<u>1,749,298</u>	<u>764,512</u>
Joint ventures:		
Sales of wind turbine generators	1,904	5,567
Provision of technical services	<u>5,595</u>	<u>8,963</u>
	<u>7,499</u>	<u>14,530</u>

27. RELATED PARTY TRANSACTIONS (continued)

- (a) The Group had the following significant transactions with related parties during the period (continued):

Non-continuing transaction:

The bank loan of one of the Group's joint ventures, Damao Qi Tianrun Wind Power Co., Ltd. (達茂旗天潤風電有限公司) amounting to RMB175,000,000 as at 30 June 2015 (31 December 2014: RMB188,000,000) was guaranteed by Beijing Tianrun, one of the Company's subsidiaries.

In the opinion of the directors, the transactions between the Group and the related parties were based on prices mutually agreed between the parties.

In the opinion of the directors, the above related party transactions were conducted in the ordinary course of business.

- (b) Commitments with related parties

The amount of total transactions with related parties for the period is included in note 27(a) to the interim condensed consolidated financial statements. The Group expects total transactions with related parties as follows:

	The second half of 2015 (Unaudited) RMB'000
Continuing transactions	
Associates:	
Purchases of spare parts	<u>2,353,727</u>

- (c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 13, 14, 19 and 20 to these interim condensed consolidated financial statements.

- (d) Compensation of key management personnel of the Group

	<u>For the six months ended 30 June</u>	
	2015	2014
	(Unaudited) RMB'000	(Unaudited) RMB'000
Short term employee benefits	6,368	6,585
Pension scheme contributions	<u>209</u>	<u>209</u>
	<u>6,577</u>	<u>6,794</u>

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.



XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 June 2015

28. 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:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:		
Held-for-trading financial assets:		
Derivative financial instruments	5,332	4,797
Equity investment at fair value through profit or loss	<u>202,346</u>	<u>90,067</u>
	207,678	94,864
Loans and receivables:		
Trade and bills receivables	15,493,212	12,808,276
Financial assets included in prepayments, deposits and other receivables	2,190,813	1,851,731
Pledged deposits	466,038	887,028
Cash and cash equivalents	<u>5,045,018</u>	<u>9,528,460</u>
	23,195,081	25,075,495
Available-for-sale financial assets:		
Available-for-sale investments	<u>855,930</u>	<u>827,777</u>
	<u>24,258,689</u>	<u>25,998,136</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost:		
Trade and bills payables	13,785,123	11,446,028
Financial liabilities included in other payables, advance form customers and accruals	552,274	666,432
Interest-bearing bank loans and other borrowing	<u>11,508,642</u>	<u>11,880,451</u>
	<u>25,846,039</u>	<u>23,992,911</u>

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
<u>Financial assets</u>				
Pledged deposits	309,238	307,878	309,238	307,878
Available-for-sale investment	349,170	372,517	349,170	372,517
Derivative financial instruments	5,332	4,797	5,332	4,797
Equity investments at fair value through profit or loss	202,346	90,067	202,346	90,067
Trade and bills receivables, non-current portion	1,664,835	1,514,030	1,705,509	1,521,649
Financial assets included in prepayments, deposits and other receivables, non-current portion	<u>1,401,427</u>	<u>1,074,581</u>	<u>1,401,427</u>	<u>1,074,581</u>
	<u>3,932,348</u>	<u>3,363,870</u>	<u>3,973,022</u>	<u>3,371,489</u>
<u>Financial liabilities</u>				
Interest-bearing bank loans and other borrowing	8,615,235	6,022,749	8,676,667	6,047,947
Trade and bills payables, non-current portion	633,546	607,060	688,495	651,074
Financial liabilities included in other payables, advance from customers and accruals, non-current portion	<u>71,069</u>	<u>57,957</u>	<u>71,069</u>	<u>57,957</u>
	<u>9,319,850</u>	<u>6,687,766</u>	<u>9,436,231</u>	<u>6,756,978</u>

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

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, 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, advance from customers and accruals, the current portion of interest-bearing bank loans and other borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and interest-bearing bank loans and other borrowing have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowing as at 30 June 2015 was assessed to be insignificant.

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

The Group enters into derivative financial instruments with two financial institutions. Derivative financial instruments include an interest rate swap and a forward currency contract. 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 and interest rate curves. The interest rate swap and forward currency contracts are the same as their fair values.

As at 30 June 2015, the marked to market value of the derivatives is net of credit/debit valuation adjustment attributable to derivative counterparty default risk.

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

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2015

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
Available-for-sale investment:				
Listed equity investment	349,170	-	-	349,170
Equity investment at fair value through profit or loss:				
Listed equity investment	202,346	-	-	202,346
Derivative financial instruments:				
Interest rate swap	-	4,633	-	4,633
Forward currency contract	-	699	-	699
	<u>551,516</u>	<u>5,332</u>	<u>-</u>	<u>556,848</u>

As at 31 December 2014

	Fair value measurement using			Total (Audited) RMB'000
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	
Available-for-sale investment:				
Listed equity investment	372,517	-	-	372,517
Equity investment at fair value through profit or loss:				
Listed equity investment	90,067	-	-	90,067
Derivative financial instruments:				
Interest rate swap	-	4,797	-	4,797
	<u>462,584</u>	<u>4,797</u>	<u>-</u>	<u>467,381</u>

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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

During the six months ended 30 June 2015, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2015 and 31 December 2014.

Assets for which fair values are disclosed:

As at 30 June 2015

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
Pledged deposits, non-current portion	-	309,238	-	309,238
Trade and bills receivables, non-current portion	-	1,705,509	-	1,705,509
Financial assets included in prepayments, deposits and other receivables, non-current portion	-	<u>1,401,427</u>	-	<u>1,401,427</u>
	-	<u>3,416,174</u>	-	<u>3,416,174</u>

As at 31 December 2014

	Fair value measurement using			Total (Audited) RMB'000
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) 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	-	<u>1,074,581</u>	-	<u>1,074,581</u>
	-	<u>2,904,108</u>	-	<u>2,904,108</u>

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 30 June 2015

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
Interest-bearing bank loans and other borrowing	-	8,676,667	-	8,676,667
Trade and bills payables, non-current portion	-	688,495	-	688,495
Financial liabilities included in other payables, advance from customers and accruals, non-current portion	-	71,069	-	71,069
	<u>-</u>	<u>9,436,231</u>	<u>-</u>	<u>9,436,231</u>

As at 31 December 2014

	Fair value measurement using			Total (Audited) RMB'000
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	
Interest-bearing bank loans and other borrowing	-	6,047,947	-	6,047,947
Trade and bills payables, non-current portion	-	651,074	-	651,074
Financial liabilities included in other payables, advance from customers and accruals, non-current portion	-	57,957	-	57,957
	<u>-</u>	<u>6,756,978</u>	<u>-</u>	<u>6,756,978</u>

30. EVENTS AFTER THE REPORTING PERIOD

In June 2015, the Company has received the approval of non-public offering of stock from China Securities Regulatory Commission, and is approved to issue 40,953,000 A shares in the amount of RMB8.47 per share. The net offering proceeds are RMB336,310,910, after deducting offering expenses. In August 2015, the offering proceeds are collected in the designate bank account of the Company.

31. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 21 August 2015.

## Management Discussion and Analysis

During the first half of 2015, the global economy maintained a modest recovery. U.S. economic recovery slowed down. At the same time, the Euro zone benefited from lower fuel prices, low interest rates, and favourable exchange rates. Japan's economy improved, but the outlook was downgraded slightly. Many emerging market nations experienced slower economic activity and capital outflows. Accordingly, the International Monetary Fund downgraded this year's forecast for global growth by 0.2 percentage point to 3.3% in the latest report, representing a slight decrease compared to growth of 3.4% in 2014.

During the Reporting Period, the CPC Central Committee and the State Council showed their determination to face a complicated domestic and global economic environment, despite increasing downward pressure. Further system reforms and institutional innovations were introduced, enabling the Chinese economy to grow in a stable and reasonable pace, pushing key economic indicators back to normal levels, and setting a stable economic trajectory. The State Statistical Bureau reported that China's GDP increased by 7% in the first half of 2015, compared to the same period of last year.

*The Analysis and Forecast Report on the Situation of Electricity Supply and Demand in China in the First Half of 2015* (《2015年上半年全國電力供需形勢分析預測報告》), published by the China Electricity Council, found that electricity supply was sufficient. Non-fossil fuel electricity generation increased by 16% YoY, progressing relatively rapidly, and national-scale power plants generating capacity increased by 0.6% YoY, reaching 2,710 billion kWh. Wind power installed capacity broke through 100 million kW and attained 104.91 million kW, achieving an increase of 26.8% YoY. China's average wind utilization increased to 1,002 hours during the first half of 2015, increasing by 16 hours YoY.

### I. INDUSTRY REVIEW

#### i. New Industry Policies

As China's third largest source of electricity, wind power is a strategic solution to meet future demand for electricity. It balances the progress of the power industry with environmental concerns, and plays an important role in dealing with air pollution. Nonetheless, various issues have constrained the development of the wind power industry in China, such as limits on grid access and consumption. The main policy challenge in the recent years has been to improve grid capacity, increase wind power utilization and achieve the efficient development of the industry.

##### 1. *Policies to Improve Wind Power Connection and Utilization*

On 15 March 2015, the State Council issued *Some Opinions on Deepening the Reform of the Electric Power System* (《關於進一步深化電力體制改革的若干意見》). This included opening up the electric grid for a fairer access and establishing a new mechanism for the distribution of energy. The improvement of grid operation and the implementation of a renewable energy power generation purchasing system seeks to ensure that the power dispatch process is fair and without obstacles.

On 20 March 2015, the National Development and Reform Commission issued the *Directives for Improving Wind Power Operation and Promoting 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 directives included guidance to balance annual electricity volume, promote the use of clean energy, strengthen daily operation regulations and to fully apply the compensation mechanism to encourage a larger market for clean energy. Favourable conditions for the market have to be created through improvement of electricity power demand management and encouragement of electricity power users to optimize loads and shift peak demand to clean energy supply.

On 23 March 2015, the NEA issued the *Notice about the Use of Connected Wind Power Energy for 2015* (《關於做好 2015 年度風電並網消納有關工作的通知》). Every



province is required to ensure that clean energy sources, such as wind power, are given priority dispatch and purchased in full.

On 15 June 2015, the NEA issued the *Notice for the Development of Wind Power Heating* (《關於開展風電清潔供暖工作的通知》). Each province is expected to draw up and implement all necessary measures to coordinate connection of heating equipment and heating pipe network. In principle, the wind power heating project is mainly aimed at solving the current problem of wind power curtailment.

The goals of the above-mentioned policies are to keep pace with the increase in generating capacity, improve wind power utilization and improve the efficiency of clean energy use.

## **2. Decentralization of Wind Power Management**

On 15 May 2015, the NEA issued the *Notice for Improving the Annual Development Scheme for Wind Power Management* (《關於進一步完善風電年度開發方案管理工作的通知》) (the “**Notice**”). The annual wind power development scheme will be drafted according to the national wind power development plan, which is based on the annual rolling implementation plan. The plan sets the scope and plans of new construction, as well as operating indicators for all provinces (autonomous regions and municipalities), and any related management needs for the current year. The NEA will not release detailed lists of preliminarily approved wind power projects thereafter.

The Notice provides the energy department of every province (autonomous region and municipality) with a three-level regulation to guide its annual construction plan. Areas without curtailment can set the scale of development and construction for each year, in accordance with progress of existing project construction and layout of wind power development, in order to maintain a stable pace of wind power development. Areas suffering curtailment need to examine and evaluate onsite wind power development, project construction and grid-connected operations, before drawing up annual scale and layout of the development and construction plans, proposing solutions for wind power grid access and operation, and estimating wind power operating indicators. Areas showing a curtailment rate higher than 20% will not be selected for new wind farm projects and should study technical solutions to improve wind power connectivity and utilization.

The publication of the Notice further simplifies the approval process and enables local governments and companies to encourage wind energy development. It also emphasizes the NEA’s determination to encourage market dynamics, and promote the industry’s healthy development.

## **3. Financial Support for Renewable Energy Innovation**

On 2 April 2015, the Ministry of Finance issued the *Interim Measures for the Administration of Special Funds for Renewable Energy Development* (《可再生能源發展專項資金管理暫行辦法》) (the “**Measures**”). For the third time, the Ministry of Finance revised and formulated regulations for the administration of specialized funds for renewable energy. The Measures propose to distribute the funds based on competitiveness, choosing to financially support the best projects. This announcement demonstrates how the Ministry of Finance will guide investment in renewable energy. Through the Ministry of Finance’s support, the industry can improve its technology, reduce costs, and achieve greater efficiency.

To encourage technological innovation in the renewable energy industry, the Measures set a scope for key companies that qualify for support, such as a focus on demonstration and industrialization of key renewable and new energy technologies, renewable and new energy scalability and construction capacity, development of a common platform for project construction, and comprehensive renewable and new energy demonstration projects. With

the release of these Measures, more funds will become available for key initiatives, guiding the industry towards a better direction.

## ii. Industry Developments

China's strategy for implementing the *Energy Development Twelfth Five-Year Plan* (《能源發展「十二五」規劃》) includes revising the energy structure and addressing the wind power industry's development bottlenecks. Some initial successes were achieved through policy guidance. In addition, as the wind industry entered a period of rational competition, the level of technology and operating performance of the equipment improved and new markets within mainland China opened up for development.

### 1. Larger Scale of Approved Wind Capacity

On 28 April 2015, the NEA released the *Notice about Issuing the Fifth Batch of Wind Power Project Approval during the Twelfth Five-Year Plan* (《關於印發「十二五」第五批風電項目核准計畫的通知》) (the “**Approval Plan**”). The projects approved in the fifth batch amounted to 34 million kW. The previous four batches of wind power projects that had been approved annually in 2011-2014, included 26.82 million kW, 25.28 million kW, 27.97 million kW and 27.60 million kW of wind power capacity respectively. The total wind power capacity that had been approved in all five batches of the Twelfth Five-Year Plan exceeded 140 million kW. The Approval Plan is the batch with the most approvals during the Twelfth Five-Year Plan period.

### 2. Wind Power Connectivity and Operation Improvement

According to the NEA's statistics of the first half of 2015, China connected 9.16 million kW of new wind power capacity, reaching accumulated national capacity of 105.53 million kW, representing an increase of 27.6% YoY. China generated 97.7 billion kWh of wind energy during the first half of 2015, showing an increase of 20.7% YoY. In the first half of the year, China's average utilization of wind power energy was 993 hours, representing an increase of 15 hours YoY.

### 3. Acceleration of Grid Construction

During the first half of 2015, State Grid Corporation of China began construction on UHV DC transmission lines with a planned length of 1,276 kilometres and a capacity of 16 million kW. During the first half of 2015, as included in the *National Air Pollution Control Action Plan's* “Four AC, Four DC” UHV plan, two AC UHV transmission lines (Mengxi - Tianjin South and Yuheng - Weifang) and one DC transmission line (North Shanxi – Jiangsu) were granted approvals to begin construction. These newly commenced projects are a continuation of work started in 2014, when China began construction on two AC lines (Huainan - Nanjing - Shanghai, Ximeng - Shandong) and one DC line (Ningdong - Zhejiang). These projects demonstrate that construction of transmission lines has clearly accelerated and increased in scale.

Currently, the State Grid Corporation of China has already constructed three AC transmission lines and four DC transmission lines, and is constructing four AC transmission lines and three DC transmission lines. The length of transmission lines under construction and in operation exceeds 22,000 kilometers, substation (converter) capacity exceeds 23 million kVA (kW) and the total of distributed electricity exceeds 3,300 kWh.

### 4. Low Wind Speed Market

The continuous development of the wind power industry has brought overall improvements, including a more mature market and better technology, a better understanding of wind resources and the expansion of areas that are suitable for wind

power development. Low wind speed regions possess a great potential because those areas receive high feed-in tariffs, have good grid connectivity and do not experience significant wind power curtailment. During the Reporting Period, WTG manufacturers continued to focus on the low wind speed market, offering specially-designed low wind speed WTGs and increasing the number of low wind speed products available to domestic customers. This satisfied customer demands related to wind resource conditions and their return on investment requirements. Overall, this trend has pushed the Chinese wind power industry to improve by creating new types of turbines for low wind speed areas.

## II. BUSINESS REVIEW

In 2015, the wind power industry has continued to show positive trends, partly due to the implementation of supportive policies of the new energy industry, which have provided a favourable growth environment for the healthy and sustainable development of the Group. As a leader of the wind power industry, Goldwind offered new types of products adapted to specific market segments, strengthened its product development platform, and invested in R&D and innovative technology, in an effort to reinforce our overall competitiveness. Goldwind sought to add value throughout the wind power industry's value chain by applying concepts such as the Internet of things, big data, cloud computing and other new technologies. The Group placed greater attention on customer experience and optimizing wind farms' life cycle costs. During the Reporting Period, all management goals were carried out successfully, the backlog of orders increased significantly and the Group's performance was better than expected.

During the Reporting Period, revenue for the Group was RMB9,375.66 million, representing an increase of 110.95% compared with RMB4,444.46 million for corresponding period in 2014. Profit before tax for the Group was RMB1,420.53 million, representing an increase of 276.96% compared with RMB376.84 million for the corresponding period in 2014. Profit for the Reporting Period for the Group was RMB1,264.16 million, representing an increase of 266.80% compared with RMB344.65 million for the corresponding period in 2014. Net profit attributable to owners of the Company was RMB1,245.46 million, representing an increase of 276.62% compared with RMB330.69 million for the corresponding period in 2014.

### i. Wind Turbine Generator R&D, Manufacturing and Sales

#### 1. Product Manufacturing and Sales

For the six months ended 30 June 2015, the Group's revenue from sales of wind turbine generators ("WTGs") and components was RMB8,008.32 million, an increase of 117.44% YoY. Total sales capacity was 2,095 megawatts ("MW"), an increase of 122.34% YoY. The following table sets out the details of products sold by the Group in the first half of 2015 and 2014:

	Six months ended 30 June				
	2015		2014		Change in Capacity Sold
	Units Sold	Capacity Sold (MW)	Units Sold	Capacity Sold (MW)	
2.5MW	176	440.00	100	250.00	76.00%
2.0MW	55	110.00	-	-	-
1.5MW	1,023	1,534.50	461.50	692.25	121.67%
750kW	14	10.50	-	-	-
<b>Total</b>	<b>1,268</b>	<b>2,095.00</b>	<b>561.5</b>	<b>942.25</b>	<b>122.34%</b>

## **2. Technology R&D and Product Certification**

Technological innovation represents a company's driving force and illustrates the Group's core competitiveness. Over the past ten years of Goldwind's development, customers have always been our first priority. To satisfy every customer with the quality of our products is the cornerstone of each collaboration. Goldwind is able to offer products adapted to every market segments, through technological innovation and product upgrades. Goldwind has made the industry's technical progress a priority and actively participates in the establishment of industrial standards.

### **(1) Product R&D and Industrialisation**

During the Reporting Period, the Group developed a new range of 2.5MW DDPM product with a rotor diameter of 121 meters, targeting Class IIIB wind areas (IEC Class III wind areas) with annual average of wind speeds of 6m/sec to 7.5m/sec. This new product represents the Group's effort to expand the low wind speed market both in China and overseas and to meet customers' diverse demands. Building on our knowledge developed from experience with the 1.5MW WTG, Goldwind developed an upgraded unit called the 1.5VP (ValuePlus), which uses a wind farm control system to increase overall wind farm power output, ease grid connection and adjust for local environmental conditions. This product represents a competitive advantage because it enables customers to build better quality wind farms, delivering more value from their investment.

The Group installed and connected the first 2.0MW WTG project in the first half of the year. Goldwind also installed its first prototype of the GW121/3.0MW, which can be used in intertidal, near-shore and onshore areas. Commercialization of 3.0MW WTG is moving forward, as 20 units of the 3.0MW WTGs were installed in the first half of the year and the first 3.0MW WTG large-scale project of 200 GW is under construction by Beijing Tianrun in Dabancheng, Xinjiang province.

During the Reporting Period, Goldwind won several awards for its scientific research, including winning the second prize for Beijing Scientific Technology with the Group's "R&D and Usage of Large-Capacity WTG Wind Peak Algorithm" project in March 2015. As for its newest technologies, the Group received the NEA's first projects for emerging energy in 2015 with its hydrogen generation demonstration project at a 200 MW wind farm in Longfenghu, Changling district.

### **(2) Certification Work**

In recent years, as the wind industry has continued to pursue more detailed standards, manufacturers and customers have increasingly focused on unit certification as a means of improving the wind power industry. In the first half of 2015, Goldwind's products were granted a number of domestic certifications, such as design approvals from China General Certification Center in Beijing for GW 93/1500 (low temperature), GW115/2000 and GW108/2000. In order to meet the requirements outlined in NEA's *Notice for Standardization of Wind Power Equipment Market* (《關於規範風電設備市場秩序有關要求的通知》), Goldwind actively applied for type certifications. The Group's GW109/2500 and GW121/2500 models already received type certifications from China General Certification Center.

As at 30 June 2015, the Group had received 28 design approval certificates from national and international organizations, three type assessment certifications and three pending site assessments.

### **(3) Industrial Standards and Patents**

In addition to accelerating the certification of its products, Goldwind also participated in establishing standards for the national wind power industry, using its technological knowledge. By the end of the Reporting Period, the Group had contributed to establishing 84 standards, including two international standards, 36 national standards, 36 industrial standards, five regional standards and five association standards. We also took part in five research projects led by the International Energy Association, on the topic of wind industry standards. Goldwind has participated in eight associations or standards committees, including two governing directors' committees, one directors' committees, two deputy directors' committees, three member committees. Through collaboration and communication with these committees, Goldwind pushed forward research on standards.

As at 30 June 2015, the Company possessed 450 patents, including 91 innovation patents, 345 utility patents, 14 design patents; 153 software copyrights; 41 domestic trademark registrations and 61 international trademark registrations.

The Group is part of the fourth batch of China's enterprises and institutions intellectual property experimental units and Beijing's patent experimental units. In April 2015, Goldwind was once again chosen by the well-regarded trade journal *Intellectual Asset Management* (《知識產權資產管理》) to receive the "China IP Elite" title. Goldwind is the only wind power company to have received this honour twice.

### **3. Business Development**

The Chinese Wind Energy Association reported that a total of 270 wind farm projects with 5,754 WTG units, representing newly installed capacity of 10,100 MW, were installed in China during the first half of 2015, representing an increase of 40.8% YoY. Goldwind installed 2,082MW of capacity, up over 90% YoY and ranked first among all the manufacturers for newly installed capacity.

During this growth period, the Group stepped up its operating activities and the backlog of orders increased steadily along with improving market conditions. As at 30 June 2015, the backlog of orders under contract was 7,894.0 MW, which included 6.0 MW of 750kW units, 5,137.5 MW of 1.5MW units, 1,024.0 MW of 2.0MW units, 1,522.5 MW of 2.5MW units, and 204.0 MW of 3.0MW units. In addition, the backlog of orders awaiting final contracts was 4,323.0 MW. The combined backlog of orders was 12,217.0 MW.

### **4. Cost Control**

During the Reporting Period, the Group applied the concept of lean management and cost control to various operating activities in order to raise efficiency, reduce waste and eliminate inefficient processes, improve lean management and take another step toward cost optimization. Because the 1.5MW WTG was already subject to mass production and deliveries, the gross profit margin of the 1.5MW WTG remained flat at 25.27% during the first half of 2015, at the same level as the first half of 2014. The 2.5MW WTG gross profit increased to 25.86% during the first half of 2015, from 24.56% during the same period of 2014.

## **ii. Wind Power Services**

Goldwind insists on cooperating closely with our customers and complementing each other's strengths and weaknesses to deliver tailor-made service solutions to meet their needs. This activity has deepened the strategic partnerships between wind farm developers, Goldwind's services unit, Beijing Tianyuan, and our suppliers, helping all parties to work together to find the best solutions for wind farms.

During this time, 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. The Group seeks to optimize the wind farm's life cycle cost per kilowatt-hour. We have successively

established a global monitoring center, a life cycle asset management system, a spare parts logistics information system and a fast response platform. We have begun to recognize gains from data monitoring, and we expect that conditions-based inspections and predictive maintenance will be implemented more broadly. Through our R&D program, we have diversified and improved our product offerings. Furthermore, by mining and analysing the operating data of our installed wind power capacity, we have improved our ability to predict component wear, which enhances our spare parts support services at every stage of the wind farm life cycle. We continue to apply new information technology in an effort to improve the efficiency and raise the standards of our services so as to broaden and deepen the service market.

During the Reporting Period, the Group's revenue from Wind Power Services was RMB451.99 million, representing an increase of 87.44% YoY.

### **iii. Wind Farm Investment and Development**

During the Reporting Period, Beijing Tianrun, a wholly-owned subsidiary of the Company, leveraged its competitive advantages, receiving preliminary approval to develop 1.33 million kW wind farm projects in the *Notice for Approval Plan for Wind Power Projects (Fifth Batch)* under the Twelfth Five-Year Plan (國家能源局印發第五批風電項目核准計畫), providing strong support for expansion of domestic wind farm operations and the sustainable development of the Company.

As at 30 June 2015, the Group had 2,049.50MW of total installed wind farm capacity, of which 1,649MW was attributable installed capacity (attributable installed capacity represents the Group's equity ownership in wind farms) in China. The installed capacity of projects still under construction was 1,399MW, of which 1,296MW was attributable under-construction capacity in China.

In addition to project development, Beijing Tianrun has sought to achieve higher standards of wind farm construction and operation. The development of wind farm operating standards is still at an early stage, however Beijing Tianrun has taken steps to integrate and improve the planning, feasibility, design and construction processes. As for project construction, Beijing Tianrun prioritizes standardization, efficiency and quality, which have pushed project construction quality to a new level. In June 2015, a 49.5 MW wind farm project led by Beijing Tianrun in Shanxi's Xia County received the 2015 China Power Quality award from the National Engineering & Construction Quality Committee.

During the Reporting Period, the Group's revenue from power generation was RMB833.68 million, representing an increase of 60.23% YoY.

### **iv. International Business**

As the world-leading DDPM wind power manufacturer, Goldwind has made substantial efforts towards its international strategy. Taking advantage of China's energy structural reform and China's New Silk Road ("一帶一路") strategy as an opportunity, the Group made significant progress toward expanding in overseas markets during the Reporting Period.

In Asia, Goldwind International Holdings (HK) Limited (金風國際控股(香港)有限公司), a wholly-owned subsidiary of Goldwind, entered into wind turbine supply agreements to deliver 10 MW to Thailand and 30 MW to Pakistan. These represent the Group's second projects in the Pakistan market, demonstrating our ability to build a strong reputation with local customers and financial institutions, laying a solid foundation for the long-term development of the Company.

In South Africa, GOLDWIND AFRICA (Pty) Ltd (金風非洲有限公司), a wholly-owned subsidiary of the Group, signed an agreement to supply 120 MW of Goldwind's GW121/2.5MW wind turbines and to provide long-term EPC service to this project. Goldwind is the first supplier

of DDPM wind turbines in South Africa. Goldwind plans to supply WTG units that have passed DNV's design assessment and are suitable for Class III wind areas. In addition, Goldwind successfully bid with BioTherm Energy on a 32.5MW wind power project, proposed by the South African Ministry of Energy as part of the second batch of wind power projects of the fourth round of tenders. Goldwind will supply the GW109/2.5MW unit and will provide comprehensive EPC solutions, further consolidating its position in South Africa's market.

As at the end of the Reporting Period, the Group's overseas wind farms projects installed 246MW of capacity, of which 121.74MW was attributable installed capacity. During the Reporting Period, the Group's revenue from international business was RMB1,143.07 million, representing an increase of 82.31% YoY.

## v. Major Subsidiaries

As at 30 June 2015, the Company had 136 subsidiaries, among which 17 were directly owned subsidiaries and 119 were indirectly owned subsidiaries. In addition, we had 8 joint ventures, 14 associate companies and 15 available-for-sale investments. These subsidiaries were categorised into four general categories, including WTG R&D and manufacturing companies, wind power investment companies, wind power services companies, and component R&D and manufacturing companies. The following table sets out major financial information of the principal subsidiaries of the Company (reported in accordance with China Accounting Standards for Business Enterprise (the "PRC GAAP")) :

As at 30 June 2015  
Unit: RMB

No.	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets	Revenue from Operations	Net Profits Attributable to the Company
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,000.00	5,798,238,954.08	1,293,581,860.02	1,569,355,523.91	(33,531,067.93)
2	Vensys Energy AG	€5 million	937,333,572.48	533,294,769.90	234,119,343.94	10,716,945.49
3	Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd.	8,860.00	505,638,882.68	183,945,524.09	306,061,660.58	14,309,498.62
4	Jiangsu Goldwind Technology Co., Ltd.	75,961.00	1,993,133,577.11	1,010,062,365.66	449,012,554.68	58,686,342.18
5	Beijing Techwin Electric Co., Ltd.	10,000.00	1,696,880,497.44	550,473,022.12	1,724,911,890.89	235,802,705.17
6	Beijing Tianrun New Energy Investment Co., Ltd.	420,000.00	17,321,904,605.07	5,136,753,966.64	692,579,693.77	209,232,777.62
7	Goldwind Investment Holding Co., Ltd.	100,000.00	1,606,573,920.84	1,286,685,839.64	10,284,184.89	151,713,383.63
8	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.	20,000.00	2,102,607,475.88	259,286,105.79	682,551,671.60	(27,733,783.51)
9	Beijing Tianxin International Finance	\$30 million	1,441,444,181.48	291,006,360.98	74,632,690.83	43,213,390.11

**vi. Use of Proceeds****1. Use of H Share Proceeds**

The Company conducted the initial public offering of its H shares and listed its H shares on the main board of the Hong Kong Stock Exchange in October 2010. According to the *Capital Verification Report* issued by Ernst & Young Hua Ming LLP, the net proceeds of the H shares offering were the equivalent of RMB6.754 billion in Hong Kong Dollars (“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 30 June 2015, the accumulated used proceeds were the equivalent of RMB6.027 billion in HKD, and the unused proceeds were the equivalent of RMB0.727 billion in HKD. The use of the Company’s H share proceeds is as follows:

As at 30 June 2015  
Unit: RMB million

<b>Proceeds Projects</b>	<b>Planned Investment</b>	<b>Actual Investment</b>	<b>Unused Amount</b>
Construction of production base and optimisation of business operations	2,715	2,518	197
R&D of WTGs and components	986	467	519
International business	1,972	1,961	11
Bank loan repayment	411	411	-
General working capital	670	670	-
<b>Total</b>	<b>6,754</b>	<b>6,027</b>	<b>727</b>

**2. Use of Proceeds of the Medium-Term Notes Maturing in 2018**

The Company conducted an issue of 3-year medium-term notes (the first tranche) in the PRC on 17 June 2015 with an interest rate of 4.98% per annum (One-Year Shibor + 158bps). The net proceeds of the medium-term notes offering were RMB495.16 million, which will be used in the daily operation of the Company, including but not limited to supplementing working capital and the repayment of bank loans.

**III. OPERATIONS PERFORMANCE AND ANALYSIS**

The contents of this section should be read in conjunction with the interim condensed consolidated financial statements, including the relevant notes, of the Group prepared in accordance with International Financial Reporting Standards (the “**Financial Statements**”) set out in this announcement.

**Summary**

During the six months ended 30 June 2015, revenue for the Group was RMB9,375.66 million, representing an increase of 110.95% compared with RMB4,444.46 million for corresponding period in 2014. Net profit attributable to owners of the Company was RMB1,245.46 million, representing an increase of 276.62% compared with RMB330.69 million for the corresponding period in 2014. The Company reported basic earnings per share of RMB0.46.



## Revenue

The Group's revenue was generated mainly from WTG Manufacturing, Wind Power Services, Wind Farm Investment and Development. Revenue from WTG Manufacturing includes the 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. The Other business segment includes revenue from the Group's finance lease activities and water treatment.

During the six months ended 30 June 2015, revenue for the Group was RMB9,375.66 million, representing an increase of 110.95% compared with RMB4,444.46 million for the corresponding period in 2014. Details are set out below:

Unit: RMB thousand

	<b>Six months ended 30 June</b>		Amount	Percentage
	<b>2015</b>	2014	Change	Change
WTG Manufacturing	8,008,317	3,683,028	4,325,289	117.44%
Wind Power Services	451,991	241,134	210,857	87.44%
Wind Farm Investment and Development	833,676	520,296	313,380	60.23%
Other	81,674	-	81,674	-
-	-	-	-	-
<b>Total</b>	<b>9,375,658</b>	<b>4,444,458</b>	<b>4,931,200</b>	<b>110.95%</b>

Revenue increased due to: (i) steady development of China's wind power industry in the first half of 2015, plans of developers to invest more wind power capacity and the planned adjustment of the wind power feed-in tariff, which accelerated the development of wind farms starting from the second half of 2014 and continuing into the first half of 2015. Market demand for wind turbines was strong. As a result, the Group's sales volume and EPC business increased significantly; and (ii) significant increase in the number of operating wind farms, which led to increased sales of power produced by the Group's operating wind farms.

## Cost of Sales

Unit: RMB thousand

	Six months ended 30 June		Amount Change	Percentage Change
	2015	2014		
WTG Manufacturing	5,977,125	2,719,530	3,257,595	119.79%
Wind Power Services	402,201	215,169	187,032	89.62%
Wind Farm Investment and Development	286,310	160,588	125,722	78.29%
Other	5,113	-	5,113	-
<b>Total</b>	<b>6,670,749</b>	<b>3,095,287</b>	<b>3,575,462</b>	<b>115.51%</b>

The Group's cost of sales increased mainly due to increased revenue during the Reporting Period.

## Gross Profit

Unit: RMB thousand

	Six months ended 30 June		Amount Change	Percentage Change
	2015	2014		
WTG Manufacturing	2,031,192	963,498	1,067,694	110.81%
Wind Power Services	49,790	25,965	23,825	91.76%
Wind Farm Investment and Development	547,366	359,708	187,658	52.17%
Other	76,561	-	76,561	-
<b>Total</b>	<b>2,704,909</b>	<b>1,349,171</b>	<b>1,355,738</b>	<b>100.49%</b>

The Group's gross profit increased mainly due to an increase in WTG sales volumes under the WTG Manufacturing business segment and an increase in wind power sales due to an increase in wind farms capacity operated under the Wind Farm Investment and Development business segment.

For the six months ended 30 June 2015 and 2014, our comprehensive gross profit margin was 28.85% and 30.36%, respectively, and the gross profit margin for WTG R&D, Manufacturing and Sales was 25.36% and 26.16%, respectively.

The following table sets out the gross profit margins for the Group's WTGs by unit capacity including the 750kW, 1.5MW series, 2.0MW series and 2.5MW series (prepared in accordance with PRC GAAP):

Gross Profit Margin	Six months ended 30 June		Change (percentage points)
	2015	2014	
2.5MW	25.86%	24.56%	1.30%
2.0MW	22.67%	-	-
1.5MW	25.27%	25.27%	0.00%

Gross profit margin for our 1.5MW WTG was flat compared to the same period of 2014, at 25.27%. The 1.5MW WTG is stable mainly because it has achieved scaled up mass production and deliveries.

Our 2.0MW WTG is a new product first delivered in 2015, which has not yet achieved mass production. The 2.0MW WTG has good prospects for future development.

Gross profit margin for our 2.5MW WTGs increased to 25.86% for the six months ended 30 June 2015 from 24.56% for the six months ended 30 June 2014 as the Group scaled up mass production of this series, along with cost controls, which reduced production costs YoY.

### **Other Income and Gains**

The Group's other income and gains primarily consist of gains from the sale of wind farms from Wind Farm Investment (including 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, gains from changes in fair value of equity investments at fair value through profit or loss and government grants received for our R&D projects and upgrades of our production facilities.

Other income and gains of the Group for the six months ended 30 June 2015 was RMB393.28 million, representing a 173.34% increase compared to RMB143.88 million for the corresponding period in 2014. This was mainly attributed to the increase in bank interest income, government grants and gains from changes in fair value of equity investments.

### **Selling and Distribution Costs**

The Group's selling and distribution costs primarily consist 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 six months ended 30 June 2015 was RMB754.86 million, representing a 75.84% increase compared to RMB429.30 million for the corresponding period in 2014. This was mainly attributed to an increase in the sales of WTGs which led to increased product warranty provisions.

### **Administrative Expenses**

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

Administrative expenses of the Group for the six months ended 30 June 2015 was RMB586.85 million, representing a 37.92% increase compared to RMB 425.49 million for the corresponding period in 2014. This was mainly attributed to higher employee costs associated with expanded business scope and R&D input for enhancing the core competitiveness and consolidating the Group's dominant position.

### **Other Expenses**

The Group's other expenses primarily consist 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 six months ended 30 June 2015 was RMB120.96 million, representing a 99.77% increase compared to RMB60.55 million for the corresponding period in 2014. This was mainly attributed to the increased provision for asset impairment losses of overdue receivables.

### **Finance Costs**

Finance costs of the Group for the six months ended 30 June 2015 was RMB297.70 million, representing a 24.63% increase compared to RMB238.87 million for the corresponding period in 2014. This was mainly attributed to the increase in completed wind farms which led to interest payments for associated project bank loans re-categorised as interest expense rather than capital expenditure.

### Income Tax Expenses

Income tax expenses of the Group for the six months ended 30 June 2015 was RMB156.37 million, representing a 385.77% increase compared to RMB32.19 million for the corresponding period in 2014. This was mainly attributed to increased pre-tax profit due to increased sales.

### Financial Position

As at 30 June 2015 and 31 December 2014, total assets of the Group were RMB48,461.43 million and RMB45,777.33 million, respectively, current assets of the Group were RMB27,193.42 million and RMB28,094.89 million, respectively, percentages of current assets to total assets of the Group were 56.11% and 61.37%, respectively, and non-current assets of the Group were RMB21,268.01 million and RMB17,682.44million, respectively.

As at 30 June 2015 and 31 December 2014, total liabilities of the Group were RMB33,082.05 million and RMB30,550.32 million, respectively, current liabilities of the Group were RMB22,047.93 million and RMB22,319.76 million, respectively, and non-current liabilities of the Group were RMB11,034.12 million and RMB8,230.56 million, respectively.

As at 30 June 2015 and 31 December 2014, net current assets of the Group were RMB5,145.49 million and RMB5,775.13 million, respectively, and net assets of the Group were RMB15,379.38 million and RMB15,227.01 million, respectively.

As at 30 June 2015 and 31 December 2014, cash and cash equivalents of the Group were RMB5,045.02 million and RMB9,528.46 million, respectively, and total interest-bearing bank and other borrowings of the Group were RMB11,508.64 million and RMB11,880.45 million, respectively.

### Financial Resources and Liquidity

Unit: RMB thousand

#### Cash Flow Statements

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
Net Cash flows from/(used in) operating activities	208,456	(2,713,156)
Net Cash flows from investment activities	(2,810,068)	(739,157)
Net Cash flows from/(used in) financing activities	(1,967,148)	2,750,996
Net decrease in cash and cash equivalents	(4,568,760)	(701,317)
Cash and cash equivalents at beginning of Reporting Period	9,523,826	4,276,301
Net effect of foreign exchange rate changes	(10,048)	4,431
Cash and cash equivalents at end of Reporting Period	4,945,018	3,579,415

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

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

For the six months ended 30 June 2015, the Group reported net cash flows from operating activities of RMB208.46 million. Cash inflows were principally comprised of profit before tax of RMB1,420.53 million and a RMB2,464.24 million increase in trade and bills payables and a RMB489.27 million increase in other payables and accruals. These sources of cash were offset by a RMB2,791.72 million increase in trade and bills receivables and a RMB1,302.29 increase in inventories (in preparation of anticipated deliveries scheduled during the second half of 2015).

For the six months ended 30 June 2014, the Group reported net cash flows used in operating activities of RMB2,713.16 million. Cash inflows were principally comprised of profit before tax of RMB376.84 million. These cash inflows were offset by a decrease of RMB1,682.47 million in trade and bills payables, due to increased purchasing payments, and an increase of RMB1,775.81 million in inventories, in preparation of anticipated deliveries scheduled during the second half of 2014.

## **2. *Cash flow used in investment activities***

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

For the six months ended 30 June 2015, the Group reported net cash flows used in investment activities of RMB2,810.07 million, principally due to purchases of property, plant and equipment and additions of other intangible assets and long-term assets in the amount of RMB2,746.97 million and RMB72.41 million. Net cash flows used in investment activities was offset by the profit from the disposals of subsidiaries in the amount of RMB52.03 million and dividend from joint ventures and associated companies in the amount of RMB85.30 million.

For the six months ended 30 June 2014, the Group reported net cash flows used in investment activities of RMB739.16 million, principally due to purchases of property, plant and equipment and additions of other intangible assets in the amount of RMB790.52 million and purchases of equity in joint ventures in the amount RMB59.73 million. Net cash flows used in investment activities is offset by the profit from the sale of subsidiaries in the amount of RMB81.45 million and sales of assets in the amount of RMB40.29 million.

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

The Group's net cash flows used in financing activities primarily consist of repayment of corporate bonds, bank loans and interests. The Group's net cash flows from financing activities primarily consist of new bank loans.

For the six months ended 30 June 2015, the Group reported net cash flows used in financing activities of RMB1,967.15 million. Cash outflows were principally contributed by repayment of bank loans and other borrowings of RMB4,391.59 million, and interest expenses of RMB499.80 million. These cash outflows were offset by new bank loans and other borrowings of RMB3,938.71 million.

For the six months ended 30 June 2014, the Group reported net cash flows from financing activities of RMB2,751.00 million. Cash inflows were principally contributed by new bank loans of RMB3,604.54 million. These cash inflows were offset by RMB437.14 million used in repayment of bank loans and other borrowings and RMB402,41 million used to pay interest expenses.

## **Capital Expenditure**

Capital expenditures of the Group for the six months ended 30 June 2015 were RMB2,880.50 million,

representing an increase of 312.80% from RMB697.79 million for the six months ended 30 June 2014. The Group's primary financing resources for capital expenditure included bank loans and cash flows from operations of the Group.

### **Bank Loans and Other Borrowings**

As at 30 June 2015, the total amount of outstanding bank loans, corporate bond and other borrowings of the Group was RMB11,508.64 million, including amounts due within one year of RMB2,893.41 million, in the second year of RMB1,470.30 million, in the third to fifth year of RMB1,450.34 million, and above five years of RMB5,199.43 million. In addition, as at 30 June 2015, the Group had issued a corporate bond repayable within three years with a book value of RMB495.16 million. Details are set out in Note 21 to the Financial Statements.

### **Restricted Assets**

As at 30 June 2015, the following assets of the Group with a total carrying value of RMB10,063.36 million were restricted as security for certain bank loans and other banking facilities. Such assets included bank deposits of RMB466.04 million, trade and bills receivables of RMB1,602.95 million, property, plant and equipment of RMB7,923.56 million, and prepaid land lease payments of RMB70.82 million.

As at 31 December 2014, the following assets of the Group with a total carrying value of RMB9,116.05 million were restricted 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.

### **Gearing Ratio**

As at 30 June 2015 and 31 December 2014, the Group's gearing ratios, defined as net liabilities divided by total capital, were 62.20% and 53.70%, respectively.

### **Exposure to Fluctuations in Exchange Rates and Any Related Hedges**

The Group primarily operates its businesses in China. Over 85% of the Group's revenue, expenditure, financial assets and liabilities are denominated in RMB. The exchange rate of the RMB against foreign currencies does not have a significant impact on the Group's businesses. For the six months ended 30 June 2015, the Group signed a few forward foreign exchange agreements with China Construction Bank to avoid foreign currency exchange risks. The Group's foreign exchange exposure, related to 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.

### **Contingent Liabilities**

The Group's contingent liabilities primarily consist of issued letters of credit, letters of guarantee, guarantees provided to third parties, and compensation arrangements.

As at 30 June 2015 and 31 December 2014, contingent liabilities of the Group were RMB9,100.87 million and RMB10,322.02 million, respectively. Details are set out in Note 24 to the Financial Statements.

## IV. OUTLOOK FOR THE SECOND HALF OF 2015

Developed economies regard new sources of energy as a key driver of technological, scientific and industrial progress. China's total energy consumption has ranked among the top in the world for many consecutive years. As the biggest energy producer and consumer, China has a traditional energy production and consumption model that is hard to adapt to the present situation. In recent years, new energy industry has developed very rapidly in China and policy support and technical progress are the major driving forces for the rapid development of new energy resources.

The World Energy China Outlook (2014-2015) issued by the Chinese Academy of Social Sciences estimates that by 2017 China's carbon dioxide emission per unit of GDP (carbon intensity) will drop by 41% compared with 2005 and will reach 45% in 2019, and 48% in 2020. China will honor the commitment to reduce carbon dioxide emissions to 40 to 45% of the 2005 level by 2020, as published by the Chinese government.

The "Thirteenth Five-Year Period" is a critical one for China's economic transformation and reform. The energy portion of the "Thirteenth Five-year Plan" has become a key focus for industry participants. According to relevant reports, the new energy target for the "Thirteenth Five-year Plan" has been basically determined. Many industry participants expect that growth objectives may increase significantly compared with the targets set in "Twelfth Five-Year Period", which set a target of 200 million kW of wind power and 100 million kW solar energy by 2020. The target for wind power may be adjusted up to 250 to 280 million kW by 2020. Although the above objectives have not been finalized by the National Energy Administration, they have sent a positive signal regarding their policy orientation and market outlook. Under the New Normal of slower economic growth and increasing resource and environment constraints, it has become imperative to transform China's mode of energy resource development and restructure its energy supply. We will embrace new opportunities and wider space for development of renewable energy such as wind power in the "Thirteenth Five-Year Period".

Global demand for wind power equipment is also expected to remain strong. On 1 April 2015, The Global Wind Energy Council ("GWEC") issued the *Global Wind Power Development Annual Report*, predicting that the newly installed capacity in 2015 will once again reach 50GW and will climb to 60GW in 2018. GWEC expects China to lead growth during that period, based on China's original target of accumulated installed capacity of 200GW by 2020.

### Corporate Competitive Advantages

#### i. Market Position

Goldwind is one of the oldest WTG manufacturers in China. After more than ten years of development, we have gradually matured into a leading domestic manufacturer and global comprehensive wind power solutions provider. Our 1.5MW, 2.0MW and 2.5MW DDPM WTG models, for which we own the intellectual property rights, represent the most promising technology in the global wind power industry. Goldwind ranks first in China's wind power manufacturing industry and is also the largest DDPM manufacturer in the world. We have sustained our market leadership for many years.

#### ii. Products and Technology

Goldwind's DDPM WTGs are known for their superior performance that includes 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 four R&D centres domestically and globally 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 nascent offshore market. The development and marketing of these products have secured our market coverage. We currently have a substantial backlog of orders, providing enhanced revenue visibility and demonstrating that the market recognizes the superior quality of our products and services.

**iii. Brand Awareness**

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

**iv. Comprehensive Wind Power Solutions**

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

**v. Internationalisation**

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

**V. ESTIMATED OPERATING RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

Unit: RMB million

Range of percentage change in net profits attributable to owners of the Company for the nine months ended 30 September 2015	50%	to	100%
Range of net profits attributable to owners of the Company for the nine months ended 30 September 2015	1,792.39	to	2,389.86
Net profits attributable to owners of the Company for the nine months ended 30 September 2014	1,194.93		
Reasons for increase/decrease	Mainly due to the strong demand of the wind industry market in 2015 resulting in an increase in wind turbine sales. In addition, the Group's installed wind farm capacity increased year-over-year resulting in higher electricity sales.		

**COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the Reporting Period, the Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.



## **PURCHASE, SALE AND REDEMPTION OF SECURITIES**

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

## **EVENTS AFTER REPORTING PERIOD**

On 23 June 2015, the Company has received the approval of non-public offering of stock from China Securities Regulatory Commission to issue 40,953,000 A Shares in the amount of RMB8.47 per share. The net offering proceeds are RMB336,310,910. On 18 August 2015, the 40,953,000 A Shares were listed and traded on the Shenzhen Stock Exchange.

On 16 July 2015, the Company and Goldwind New Energy (HK) Investment Limited, a direct wholly-owned subsidiary of the Company have entered into a subscription agreement with Bank of China Limited, Deutsche Bank AG, Singapore Branch and Soci  t   G  n  rale in connection with the issue of USD300,000,000 2.50% credit enhanced bonds due 2018 (the “**Bonds**”). The listing of, and permission to deal in the Bonds on the Hong Kong Stock Exchange became effective on 27 July 2015. For further details, please refer to the announcements of the Company dated 13 July 2015, 17 July 2015 and 24 July 2015.

## **INTERIM DIVIDENDS**

The Board has decided not to recommend payment of interim dividends for the six months ended 30 June 2015.

## **REVIEW OF INTERIM RESULTS**

As at 30 June 2015, the audit committee of the Company (the “**Audit Committee**”) consisted of two independent non-executive directors of the Company, namely Dr. Tin Yau Kelvin Wong (“**Dr. Wong**”) and Mr. Luo Zhenbang, and one non-executive director of the Company, namely Mr. Yu Shengjun. The chairman of the Audit Committee was Dr. Wong. The Audit Committee and the Company’s auditor, Ernst & Young, have reviewed the unaudited interim results of the Group for the six months ended 30 June 2015.

# Definitions

*In this announcement, the following expressions have the following meanings unless the context requires otherwise:*

“A Shares”	ordinary shares issued by the Company, with RMB denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
“AC”	alternating current, being electricity that changes direction periodically;
“AGM”	annual general meeting of the Company;
“Articles”	the <i>Articles of Association</i> of the Company, as amended, modified or otherwise supplemented from time to time;
“attributable capacity”	represents the capacity attributed to the Group calculated by multiplying the Group’s percentage ownership in a power project by the total capacity of such power project;
“availability rate”	a percentage calculated by dividing the amount of time a WTG is not experiencing technical defaults over a certain period by the amount of time in such period;
“Beijing 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;
“CASBE”	<i>China Accounting Standards for Business Enterprises</i> ;
“Chairman”	the chairman of the Board;
“chief executive”	has the meaning as ascribed in the Listing Rules;
“China” or “PRC”	the People’s Republic of China. References in this announcement to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Company”	Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司), a joint stock limited liability company incorporated in the PRC on 26 March 2001;
“Corporate Governance Code”	<i>Corporate Governance Code</i> and <i>Corporate Governance Report</i> , as set out in Appendix 14 of the Listing Rules;
“DC”	direct current, being electricity that flows in one direction through the conductor;
“DDPM”	direct-drive permanent magnet, a technology that combines a) a drive-train concept in which the need for a gearbox is eliminated and the turbine rotor directly drives the generator rotor; and b) a synchronous generator in which permanent magnet is used on the generator;

“Directors”	the directors of the Company;
“EPC”	Engineering, Procurement and Construction, a construction arrangement where a company that is contracted to construct the project will be responsible for the design, procurement and construction of such project, and will deliver such project to the owner after completion of the project construction and passing of the final acceptance inspection;
“Group”, “Goldwind”, “us” or “we”	the Company and its subsidiaries;
“GW”	gigawatt, a unit of power, 1GW equals 1,000MW;
“H Shares”	ordinary shares issued by the Company, with RMB denominated par value of RMB1.00 each, which are listed on the Stock Exchange and traded in HKD;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“IFRSs”	<i>International Financial Reporting Standards</i> ;
“kV”	kilovolt, a unit of potential difference between two terminals, 1kV equals 1,000 volts;
“kW”	kilowatt, a unit of power, 1kW equals 1,000 watts;
“kWh”	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
“Listing Rules”	<i>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> ;
“MW”	megawatt, a unit of power, 1MW equals 1,000kW;
“NEA”	National Energy Administration of the PRC (中國國家能源局);
“NDRC”	National Development and Reform Commission of the PRC (中國國家發展和改革委員會);
“President”	the president of the Company;
“R&D”	research and development;
“RMB”	Renminbi, the lawful currency of the PRC;
“Senior Management”	the members of the senior management of the Company;
“Shareholders”	shareholders of the Company;
“State Council”	the State Council of the PRC (中國國務院);
“subsidiary”	has the meaning as ascribed in the Listing Rules;
“SZSE”	Shenzhen Stock Exchange;
“Three-North region”	China’s Three-North region, which includes northeast, northwest and northern China;

“Wind Farm Investment and Development”	the Group’s Wind Farm Investment and Development business segment, one of the three primary business segments of the Group;
“Wind Power Services”	the Group’s Wind Power Services business segment, one of the three primary business segments of the Group;
“WTG”	wind turbine generator;
“WTG Manufacturing”	the Group’s WTG R&D, Manufacturing and Sales business segment, the core business of the Group and one of the three primary business segments of the Group;
“Xinjiang”	the Xinjiang Uyghur Autonomous Region of the PRC;
“YoY”	year-over-year, a method of evaluating two or more measured events to compare the results at one time period with those from another time period on an annualised basis; and
“%”	percent, in this announcement, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

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

Beijing, 21 August 2015

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