GOLDWIND

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

(A joint stock limited liability company incorporated in the People's Republic of China)
Stock Code: 2208

Innovating for a Brighter Tomorrow

INTERIM REPORT 2017

* For identification purpose only

Contents

Definitions

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

"2016 AGM"	annual general meeting of the Company for the year of 2016 held on 28 June 2017;
"A Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
" A Shareholders"	the holders of the A Shares;
"Articles"	the Articles of Association of the Company, as amended, modified or otherwise supplemented from time to time;
"associate"	has the meaning as ascribed in the Listing Rules;
"attributable capacity"	represents the capacity attributed to the Group calculated by multiplying the Group's percentage ownership in a power project by the total capacity of such power project;
"Audit Committee"	the audit committee of the Board of the Company;
"availability rate"	a percentage calculated by dividing the amount of time a WTG is not experiencing technical defaults over a certain period by the amount of time in such period;
"Beijing Tianrun"	Beijing Tianrun New Energy Investment Co., Ltd.(北京天潤新能投資有限公司), a company incorporated under the laws of the PRC on 11 April 2007 and a wholly owned subsidiary of the Company;
"Beijing Tianyuan"	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.(北京天源科創風電技術有限責任公司), a company incorporated under the laws of the PRC on 29 September 2005 and a wholly owned subsidiary of the Company;
"Board"	the board of directors of the Company;
"Board Committees"	specialised committees of the Board established by the Board and include members of the Board, namely the Audit Committee, Nomination Committee, Remuneration and Assessment Committee, and Strategic Committee;
"CASBE"	China Accounting Standards for Business Enterprises;
"Chairman"	the chairman of the Board;
"chief executive"	has the meaning as ascribed in the Listing Rules;

Definitions

"China" or "PRC"	the People's Republic of China. References in this interim report to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"China Three Gorges"	China Three Gorges Corporation (中國長江三峽集團公司), a company incorporated under the laws of the PRC and the parent company of China Three Gorges New Energy;
"China Three Gorges New Energy"	China Three Gorges New Energy Co., Ltd. (中國三峽新能源有限公司), a company incorporated under the laws of the PRC, a wholly-owned subsidiary of China Three Gorges, and a substantial shareholder of the Company;
"Company"	Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司);
"connected person"	has the meaning as ascribed in the Listing Rules;
"Connected Persons Group"	a group of connected persons of the Company comprising China Three Gorges New Energy, Xinjiang Wind Power, and their respective associates;
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report, as set out in Appendix 14 of the Listing Rules;
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會);
"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;
"Financial Statements"	the condensed consolidated financial statements of the Group for the six months ended 30 June 2017, prepared in accordance with IFRSs;
"gearing ratio"	net debt divided by the sum of capital and net debt;
"Group", "Goldwind", "us" or "we"	the Company and its subsidiaries;
"GW"	gigawatt, a unit of power, 1GW equals 1,000MW;
"H Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the Stock Exchange and traded in HKD;
"H Shareholders"	the holders of the H Shares;

Definitions

"HKD"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"IFRSs"	International Financial Reporting Standards;
"kW"	kilowatt, a unit of power, 1kW equals 1,000 watts;
"kWh"	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
"Latest Practicable Date"	9 September 2017, being the latest practicable date prior to the publication of this interim report for ascertaining certain information contained in this report;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
"MW"	megawatt, a unit of power, 1MW equals 1,000kW;
"NEA"	National Energy Administration of the PRC（中國國家能源局）;
"NDRC"	National Development and Reform Commission of the PRC（中國國家發展和改革委員會）;
"President"	the president of the Company;
"R&D"	research and development;
"RMB"	Renminbi, the lawful currency of the PRC;
"Senior Management"	the members of the senior management of the Company;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
"Shareholders"	shareholders of the Company;
"State Council"	the State Council of the PRC（中華人民共和國國務院）;

Definitions

"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the meaning as ascribed in the Listing Rules;
"Supervisors"	the supervisors of the Company;
"Supervisory Committee"	the supervisory committee of the Company;
"SZSE"	Shenzhen Stock Exchange;
"Three-North region"	China's Three-North region, which includes northeast, northwest and northern China;
"Wind Farm Investment and Development"	the Group's Wind Farm Investment and Development segment, one of the three primary business segments of the Group;
"Wind Power Services"	the Group's Wind Power Services business segment, one of the three primary business segments of the Group;
"WTG"	wind turbine generator;
"WTG Manufacturing"	the Group's WTG R&D, Manufacturing and Sales business segment, the core business of the Group and one of the three primary business segments of the Group;
"Xinjiang"	the Xinjiang Uyghur Autonomous Region of the PRC;
"Xinjiang Wind Power"	Xinjiang Wind Power Co., Ltd. (新疆風能有限責任公司), a state-owned enterprise incorporated under the laws of the PRC and a substantial shareholder of the Company;
"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 interim report, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Zhao Guoqing
Mr. Feng Wei
Mr. Gao Jianjun

Independent Non-executive Directors

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

SUPERVISORS

Mr. Wang Mengqiu
(Chairman of the Supervisory Committee)
Mr. Luo Jun
Ms. Xiao Hong
Mr. Lu Min
Ms. Ji Tian

COMPANY SECRETARY

Ms. Ma Jinru

PLACE OF BUSINESS

In the PRC

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

In Hong Kong

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

LEGAL COUNSEL

Morrison & Foerster

AUDITORS

International Auditors

Ernst & Young

PRC Auditors

Ernst & Young Hua Ming LLP

LISTING PLACES

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

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

SHARE REGISTRARS

H Shares:
Computershare Hong Kong Investor Services Limited

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

PRINCIPAL BANKS

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

COMPANY WEBSITE

www.goldwindglobal.com

Management Discussion and Analysis

During the first half of 2017, the global economy kept being in a state of modest recovery: developed economies grew steadily; American, Eurozone and Japanese economies as a whole began to rebound; and emerging markets remained as the driving force for the world's economic growth. According to the International Monetary Fund (IMF), driven by economic growth in China and India, emerging economies were expected to contribute more than three quarters of global economic growth in 2017; the global economic growth projected for 2017 is expected to increase by 0.1 percentage point from the original forecast to 3.5%.

During the Reporting Period, mainly due to stronger new driving forces cultivated by deepening supply-side structural reform, the national economy continued to be stable whilst improving, featuring rising employment, basic price stability and optimized balance of payments. In the first half of 2017 China's economy maintained mid to high level growth rate with its GDP increased by 6.9% YoY.

According to "The Analysis and Forecast Report on the Situation of Electricity Supply and Demand in China in the First Half of 2017" (《2017年上半年全國電力供需形勢分析預測報告》), published by the China Electricity Council, the national electricity consumption increased by 6.3% YoY, with growth rate increased by 3.6 percentage points YoY. Along with the optimization of power mix and market layout, newly added non-fossil fuel energy accounted for 73.4% of newly installed capacity, representing an increase of 20 percentage points YoY. Newly installed wind power capacity in China's east and central region represented 57.9% of nationwide newly installed wind power capacity. Wind power utilization rate increased by 67 hours YoY.

I. MAIN POLICY REVIEW

The "Thirteenth Five-Year Plan" period is crucial for China's shifting to low-carbon power and critical for the implementation of the energy development strategy. In order to meet the target proportion of non-fossil energy, push forward the transformation and upgrade of energy structure, and facilitate the sustainable and healthy development of renewable energy represented by wind power, the PRC implemented various policies in the first half of 2017 to consolidate the steady growth of the wind power industry through industry regulations, installation planning and subsidy scheme.

1. Launch the long term plan for the energy system and promote clean energy as the main incremental capacity of energy supply

On 25 April 2017, NDRC and NEA jointly announced "Revolution Strategy for Energy Generation and Usage (2016-2030)". According the plan, non-fossil energy will account for 50% of total power consumption by 2030, with higher penetration of wind and solar energy by technical improvement of power generation efficiency and lowering cost, which will make renewable energy compatible with traditional energy.

The strategic plan also mentioned China's long term energy generation layout. For renewable power, eastern area will develop more distributed renewable power and offshore wind power, middle area will develop distributed renewable power, southwestern area will actively build up hydro power base and biomass, and northwestern area will develop comprehensive renewable power bases, while northeastern area will retire its coal power projects and develop renewable energy aggressively.

2. Strengthen support towards the renewable energy development plan to facilitate orderly and healthy growth of the industry

On 28 July 2017, the NEA published the "Guiding Opinions on Implementing the Thirteenth Five-Year Plan on Renewable Energy Development" (《關於可再生能源發展「十三五」規劃實施的指導意見》) to encourage the sustainable, healthy and orderly development of the renewable energy sector. The document required all competent energy authorities at the provincial, regional and municipal level to prioritise the transmission and consumption of renewable energy in making regional plans on the construction scale and layout of renewable energy facility, with the view of boosting renewable energy consumption through cross-provincial and cross-regional UHV transmission channels.

The NEA also issued the "Proposal on Scale of New Wind Power Construction (2017-2020)" (《2017-2020年風電新增建設規模方案》), and proposed to increase installed wind power capacity by 110.41GW for 2017 to 2020 in total, which is 30.65GW, 28.84GW, 26.6GW and 24.31GW respectively. It will result in a cumulative installed capacity of 126 GW in 2020.

3. Optimise the encouraging policies for renewable energy to strengthen competitiveness in the market

On 3 February 2017, the NDRC, Treasury and NEA jointly published the "Notice on Trial Implementation of Renewable Energy Green Certificate Issuance and Voluntary Transaction" (《關於試行可再生能源綠色電力證書核發及自願認購交易制度的通知》). Onshore wind and solar (distributed projects are excluded) could receive green certificates based on their power generation. Volunteered purchase started on 1 July 2017, and portfolio and mandate transaction will be implemented from 2018.

On 28 June 2017, the China National Renewable Energy Centre issued the "Implementation Rules for Voluntary Purchase Trading of Green Certificate (Trial)" (《綠色電力證書自願認購交易實施細則（試行）》), which further clarified the implementation rules relating to green certification, markets for green certificate trading, methods of trading, capital settlement and green certificate delivery, information disclosure of transactions, termination of trading and dispute resolution.

On 17 May 2017, the Comprehensive Division of the NEA published the "Notice on Approval Works for Grid-Parity Demonstration Wind Power Projects" (《關於開展風電平價上網示範工作的通知》), which required all administrative energy authorities at provincial, regional and municipal level and of the Xinjiang Production and Construction Corps to organise wind power development enterprises to apply for the grid-parity demonstration wind power projects and select one to two projects to be submitted to the NEA. The notice also stated that the construction scale of the demonstration projects is to be negotiated and determined by the competent provincial, regional and municipal energy authorities and the Xinjiang Production and Construction Corps together with the power grid enterprises, and shall not be subject to the annual cap.

4. Encourage enterprises to implement effective supervision and control for the reasonable planning, distribution and development of the industry

On 17 February 2017, the NEA published the "Notice on the Results of Wind Power Construction Monitoring and Warning" (《關於發佈2017年度風電投資監測預警結果的通知》), which categorized Inner Mongolia, Heilongjiang, Jilin, Ningxia, Gansu, and Xinjiang (including Xinjiang Production and Construction Corps) as red warning zones for wind power development and construction in 2017. Newly connection and installation is suspended. This policy is aiming to guide wind investment in regional layout and reduce curtailment.

On 1 June 2017, the Northwest Energy Bureau of the NEA published the "Northwestern China New Energy Development Plan and Implementation Regulatory Report". It pointed out that the main two reasons for wind power and solar power curtailment in Northwestern China were insufficient capacity of peak load regulation and the limited transmission capacity of the system. Cross-regional delivery of new energy in the form of direct current will be an important way to enhance the utilisation rate of new energy in Northwestern provinces and promote the consumption of new energy.

II. INDUSTRY REVIEW

Supported by policies mentioned above, China's wind power sector kept steady growth in the first half of 2017. Wind consumption ratio gradually improved while curtailment reduced significantly. Offshore wind market also accelerated. Wind power construction layout improved gradually.

1. Stable industry development

China's wind power sector kept steady growth in the first half of 2017. According to data from NEA, newly connected capacity in the first half of 2017 was 6.01GW, and cumulative connected wind capacity was 154 GW as of end of June 2017, taking 9.4% of power mix in China. Wind power generation at the same period was 149 Terawatt hours, indicating 5% of penetration ratio, which is 0.7 percentage point higher compared to same period last year.

2. Improved wind curtailment

Wind curtailment improved significantly thanks to supporting policies issued by NDRC and NEA last year regarding wind power purchase priority. For the first half of the year, national wind utilization rate was 984 hours, representing 67 hours increase YoY. Utilization rate in Yunnan Province was 1,592 hours and in Sichuan Province was 1,498 hours respectively, remaining at the highest level national wide. Curtailed wind power was 23.5 Terawatt hours, and curtailment ratio was 14%, decreased by 7 percentage points compared with the same period last year. All provinces except for Shaanxi and Yunnan have experienced better wind power consumption in this year. The curtailment in Xinjiang, Gansu, Liaoning, Jilin, Ningxia and Inner Mongolia has improved by over 10 percentage points YoY.

3. Accelerating wind installation in middle, eastern and southern area

According to China's Thirteenth Five Year Plan, the majority of China newly installation will be located in middle, eastern and southern area in the next several years. In the first half of this year, newly connected capacity in middle, eastern and southern area with curtailment ratio of zero or at a reasonable low level has taken over 80%. Among which, Qinghai Province connected 640 MW, Hebei Province connected 580 MW, same as Henan, and Jiangxi Province connected 520 MW. In those area with severe curtailment, newly connected capacity decreased significantly. For example, there was no newly connection in Gansu Province and Jilin Province. There was only 300MW and 140MW newly connected capacity in Xinjiang and Inner Mongolia, respectively, showing a clear geographic shift.

4. Offshore wind power gained momentum

According to China's Thirteenth Five Year Plan, China will achieve more than 5 GW of cumulative offshore connected capacity by 2020. And there will be over 10 GW of offshore projects that have start construction by then. Based on CWEA's statistics, there was only 1.63 GW of connected offshore wind power by the end of 2016, indicating that there will be an acceleration of offshore wind power development in 2017. Therefore, in the first half of 2017, the public tendering for offshore wind projects was very active. Local governments such as Jiangsu, Guangdong and Shandong also announced their ambitious planning on offshore wind power development. Benefited by amended offshore wind policies, and reduction on constriction cost contributed by technology improvements, China's offshore wind power market will realize a higher annual installation during the period of Thirteenth Five Year Plan.

III. BUSINESS REVIEW

In 2017, the Group adhered to the "customer-oriented" approach and adopted R&D and innovation as the major driving forces for enhancing competitiveness. Focusing on the upgrade and transformation of product and management, it introduced innovative products to lower costs, boost efficiency and increase value. Meanwhile, it provided total life-cycle protection for products through smart and digitalized operation and maintenance solutions, thereby supporting sustainable corporate development with a diversified profit model. During the Reporting Period, all businesses of the Group progressed well, as it carried out promotion of new products in an orderly manner, recorded steady growth of backlog orders and achieved outstanding results in exploring the international market.

During the Reporting Period, revenue for the Group was RMB9,779.77 million, representing a decrease of 9.78% compared with RMB10,839.59 million for the corresponding period in 2016. Net profit attributable to owners of the Company was RMB1,132.92 million, representing a decrease of 21.87% compared with RMB1,450.12 million for the corresponding period in 2016.

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

1. Product Manufacturing and Sales

For the six months ended 30 June 2017, the Group's revenue from the sales of WTGs and components was RMB7,264.26 million, representing a decrease of 20.48% YoY. Total sales capacity was 1,874.50MW, a decrease of 21.01% YoY, among which the sales volume of 2.5MW WTGs increased significantly from 18.33% in the first half of 2016 to 45.48%. The following table sets out the details of products sold by the Group in the first half of 2017 and 2016:

	Six months ended 30 June				
	2017		2016		
	Units Sold	**Capacity Sold (MW)**	Units Sold	Capacity Sold (MW)	Change in Capacity Sold
3.0MW	**9**	**27.00**	9	27.00	0.00%
2.5MW	**341**	**852.50**	174	435.00	95.98%
2.0MW	**352**	**704.00**	396	792.00	–11.11%
1.5MW	**194**	**291.00**	746	1,119.00	–73.99%
Total	**896**	**1,874.50**	1,325	2,373.00	–21.01%

During the Reporting Period, domestic onshore public tenders capacity was 13,214MW, of which 5,636MW has awarded bidding. The Group newly onshore backlog orders were 2,349MW. As at 30 June 2017, the Group's backlog of orders under final contracts totaled 9,093.2MW, including 6MW of 750 KW WTGs, 1,405.5MW of 1.5MW WTGs, 4,748MW of 2.0MW WTGs, 294.8MW of 2.2MW WTGs, 2,622.5MW of 2.5MW WTGs, 3.0MW of 3.0MW WTGs, 13.4MW of 6.7MW WTGs. There were 5,971.45MW of successful bid, including 375MW of 1.5MW WTGs, 3,428MW of 2.0MW WTGs, 250.8MW of 2.2MW WTGs, 1,205MW of 2.5MW WTGs, 228MW of 3.0MW WTGs, 323.4MW of 3.3MW WTGs and 161.25MW of 6.45MW WTGs. The Group had 15,064.65MW of combined backlog orders.

2. Technology R&D and Product Certification

The continual improvement of R&D capabilities provides the solid foundation for customer value maximization. Goldwind is committed to meeting market and customer demands and strengthens its overall product competitiveness by combining product optimisation and upgrade with new product development. It continuously enriches the product lines while consolidating and strengthening its technical advantages, with the view of integrating the key technology applications in various fields of WTGs and the full optimisation and upgrade of product hardware and software.

a) *Product Research and Development*

For the purposes of enhancing the overall competitiveness of products and meeting the needs of industry development and market expansion, the Group launched the GW3.0MW(S) WTGs to the market in 2017. This model has superior functionality performance, adopts modular design and has highly intelligent features. It is also equipped with innovative and exclusive dual cable design and flexible power rectification technology. Since its debut, the model has gained acceptance and recognition all over the world.

During the Reporting Period, the Group continued to push forward the R&D of the 2.0MW and 2.5MW WTGs series. Based on the well-established 2.5MW WTGs series, the Group released the extreme low-wind speed WTG GW130/2500 to meet the market demand. In the meantime, it strengthened product adaptability and completed the development of the 2.0MW and 2.5MW series towers.

b) *Product Certification*

In the first half of 2017, Goldwind was granted six type certificates and six design assessment certificates, of which two models of the 2.0MW platform (GW115/2200; GW121/2000) and the 121/3000 model of the 3.0MW platform received the model certificates from China General Certification Center; the GW121/2500_120mHH model of the 2.5MW platform obtained the type certificate from DNV-GL, an internationally recognised certification agency; and the GW136/3400 and GW140/3400 models, as well as the GW154/6700 model of the 6MW platform received the design assessment certificates from China General Certification Center.

Furthermore, the GW121/2500 high altitude WTGs also received the IECRE certificate from China General Certification Center. As a result, Goldwind is one of the three earliest WTGs manufacturers with the certificate since China General Certification Center became IECRE member. This not only serves as an example of how the assessment capability of domestic third party certification body gained international recognition, but also demonstrates the ability of Goldwind's units in meeting new international standards.

In terms of innovative technology certification, the GW121/2500 Lidar Assisted Control technology obtained the design assessment certificate issued by DNV-GL. The control technology, which is recognized by third parties, effectively enhances the adaptability of WTGs to complex environment.

c) *Intellectual property protection and standardization*

Goldwind has attached importance to the development of core R&D capability, as evident by the steady growth of patent application at home and abroad, as well as the continuous optimisation of patent application structure. During the first half of 2017, Goldwind added 259 authorized patents in China, including 77 new authorised inventions. It also had 24 software copyrights newly registered, 23 new registered trademarks in China, and 4 new registered trademarks approved in overseas.

The Group has actively participated in the formulation of international, national and industrial standards. As at 30 June 2017, Goldwind has took part in the formulation of 135 standards in the PRC, including 71 national standards, 48 industrial standards, six regional standards and 10 association standards, of which 67 national and industrial standards were implemented. In the international arena, it joined the working groups of four international standards, including the IEC 61400-1 and IEC 6400-15 standards, in which it contributed the application experience of itself and the PRC by putting forward opinions and proposals. The first committee draft (1CD) of IEC/TS 62898-3-1 "Microgrids-Technical Requirements-Protection Requirements", of which the Company was the leading drafter, was submitted to the Secretariat of IEC/TC 8 in June 2017 and the solicitation of opinions has commenced among member states.

3. Quality Management

The Group believes that product quality is the foundation of business growth. As improvement of product quality is integral to all aspects of the industry chain, it strives to establish an excellent industry chain in the wind power sector. During the Reporting Period, the quality management works aimed at both prevention and in-process control. The Group designed and promoted internal quality prevention courses for further optimisation of quality standards and system. In order to ensure product quality from the source, it encouraged suppliers in enhancing product quality management. The Group organised nine professional training sessions for over 200 participants from 86 suppliers, covering application of quality tools, qualification accreditation, position certification, lean management and other topics.

ii. Wind Power Services

Following over a decade of rapid growth of the wind power sector, the warranty of an increasing number of WTGs has expired and competition in the industry is no longer limited to product manufacturing. While market competition shifts from the front end of the industry chain to downstream industries, the after-sales service market is opening up room for development.

Adhering to the core principle of "prompt reaction", Goldwind constantly satisfies the market demand for after-sale services. It invested in and constructed the smart service support platforms including the Goldwind Big Data Platform, Goldwind New Energy Meteorological Statistics Assets Management Platform, Goldwind Global Monitoring Center, Full Lifecycle Asset Management System and Big Data Early Warning System. Leveraging leading information technology, Group combined its operating statistics of WTGs in the past 20 years, the professional technical capability and resources to provide comprehensive smart operation and maintenance service.

During the Reporting Period, the Company developed business expansion plan for the "Energy Nest" system. The plan aims to optimise the control strategy of existing projects and carry out upgrade of intelligent wind farm control, hence offering modular solutions to wind farms for the future development of the energy internet in the PRC. Currently, the Company has contracts amounted to 1.44GW. It will provide innovative technology for enhancing the economic benefits of China's existing wind power projects and promoting green energy consumption.

As at the end of the Reporting Period, the operation and maintenance team of the Company had provided construction, operation and maintenance services and technical support for more than 25,000 WTGs globally. Over 19,000 WTGs and 389 wind farms all over the world are connected with Goldwind Global Monitoring Center. During the first half of 2017, revenue from the Wind Power Services business segment was RMB709.83 million, representing for an increase of 59.34% YoY.

iii. Wind Farm Investment and Development

The Group actively develops the domestic market to gain advantages and resources for sustainable business growth. During the Reporting Period, the wind farm investment and development business segment took initiatives in exploring a better cooperation model to give full play to its strengths in terms of branding, product and technology and capital. It also established the resources integration platform to offer integrated solutions through combining the advantages of local government and private enterprises. Besides, the Group promoted the power sales business and completed the business registration of Shanxi and Western Inner Mongolia power sales companies. To support the sustainable development of power sales business, it also sought cooperation with enterprises in provincial and cross-regional direct power purchase.

During the Reporting Period, the domestic newly installed connected capacity of the Group was 93.5MW and newly installed attributable connected capacity was 88.6MW. As at the end of the Reporting Period, the installed wind farm connected capacity of the Group was 4,491MW, of which 3,769MW was attributable capacity. The capacity of wind farm projects still under construction was 796.75MW, of which 614MW was attributable capacity.

During the Reporting Period, revenue from power generation of wind power projects was RMB1,657.48 million, representing for an increase of 45.57% YoY. The gain on investment from sale of wind farms was RMB93.31 million, representing for an increase of 81.08% YoY.

iv. International Business

Backed by its forward-looking strategy and well-established presence in the target market, Goldwind has made steady progress in internationalization and accomplished significant achievements in international business expansion during the Reporting Period. As at the end of the Reporting Period, the total capacity of projects pending development and reserved reached 1,770.3MW; of which 231MW was from United States, Philippines, Cuba and etc. As the end of the Reporting Period, the Group's overseas backlog orders have been over 1GW, reaching 1,017MW, mainly including GW121/2.5MW and 82/1.5MW.

In the first half of 2017, the wholly-owned subsidiary of Goldwind entered into the tax investment agreement with MidAmerican Wind Tax Equity Holdings (a fund under Berkshire Hathaway) of the USA and Citi, pursuant to which the parties will jointly invest in the 160MW Rattlesnake Wind Farm Project which is developed by Goldwind in the USA, with a total investment of approximately US$250 million. The project has a total capacity of 160MW and 64 units of Goldwind's GW109/2.5MW DDPM WTGs are planned to be installed. Upon completion, the project will be Goldwind's largest wind farm project in America. The Company also acquired the Stockyard Hill Wind Farm Project in Victoria, Australia with a capacity of 536.4MW. It will install the GW3.0MW(S) DDPM WTGs and, upon completion, become the largest wind farm in Australia thus far. The Group acquired the Loma Blanca Wind Power Project, Site I, II and III, in Argentina with the capacity of 150MW, which is Goldwind's first wind power project in Argentina. It laid the foundation for our following business development in Argentina and South America.

In the first half of 2017, revenue from the international business amounted to approximately RMB1,063.00 million, representing for an increase of 62.76% YoY.

v. Offshore Wind Power Development

In order to fully implement the offshore wind power strategy and expedite the development of the relevant business, the Group actively expanded and explored the offshore wind power market and made steady progress in various initiatives. Based on its global R&D technology and resources, Goldwind combined the advantages of the offshore wind power market in Jiangsu and the resources of Dafeng Port to establish the offshore wind power industrialization base in Dafeng, Jiangsu, which served as the key WTG R&D and manufacture base of the Group along the coast of China. The Group also successfully developed the offshore product platform comprising mainly 3.X(MW) and 6.X(MW) products, which included the GW121/2.5, GW140/3.X, GW154/6.X, GW164/6.X and GW171/6.X models. The Goldwind 6MW Beta direct-drive offshore WTG project is planned to complete the installation of prototype in Fujian Province in the second half of 2017. Based on the development needs of offshore wind power, Goldwind has developed the customizable total-solution plan for offshore wind farms, which covered an integrated support structure design, integrated tower layout, integrated transport and installation, as well as integrated smart operation and maintenance plan.

During the first half of 2017, 2,066MW of offshore wind power capacity was tendered in the PRC, accounting for 13.5% of the total capacity tendered nationwide. Of which, the Group won the bid for 503MW of offshore wind power projects. As of the end of the Reporting Period, the Group had 825MW of backlog orders of offshore wind power projects, comprising primarily 3.X and 6.X.

vi. Water Treatment Business Expansion

Goldwind has become a global leader in manufacturing WTGs and providing comprehensive wind power solutions. In addition, it has penetrated the energy saving and environmental protection sectors which offer more room for development and value enhancement.

As of the first half of 2017, the Company has established water projects in 17 cities and owned 13 operating water plants as well as two plants under construction. It has achieved a consolidated operating scale of 750,000 tonnes/day and a water tariff collection rate of 90.7% while maintaining the operating standards in all water plants.

The Company invested in NanoSun, a Singapore company with the world's leading 3D printing technology for water treatment membrane that outperforms major PRC enterprises in terms of functionality and cost. The Company will progressively develop into a smart water solution provider in design and planning, project construction, manufacture of key equipment and operation of water plants.

vii. Major Subsidiaries

As at 30 June 2017, the Company had 238 subsidiaries, among which 26 were directly owned subsidiaries and 212 were indirectly owned subsidiaries. In addition, we had 12 joint ventures, 15 associate companies and 17 available-for-sale unlisted equity investments. These subsidiaries included WTG R&D and manufacturing companies, wind power investment companies, wind power services companies, water treatment and finance lease. The following table sets out major financial information of the principal subsidiaries of the Company (reported in accordance with CASBE):

As at 30 June 2017
Unit: RMB

No	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets Attributable to the Company	Revenue from Operations	Net Profits Attributable to the Company
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,000.00	5,250,756,222.63	1,351,043,478.39	1,795,900,961.79	–50,476,437.91
2	Vensys Energy AG	€5 million	1,310,294,998.84	665,388,123.97	408,967,690.48	23,457,782.17
3	Jiangsu Goldwind Technology Co., Ltd.	75,961.00	3,548,936,115.65	1,320,856,627.36	1,420,946,484.04	191,607,294.94
4	Beijing Techwin Electric Co., Ltd.	10,000.00	2,673,831,778.54	1,632,112,486.24	1,185,934,494.10	178,545,362.81
5	Beijing Tianrun New Energy Investment Co., Ltd.	555,000.00	26,914,920,843.14	7,837,281,873.32	1,558,915,550.67	618,403,088.62
6	Goldwind Investment Holding Co., Ltd.	100,000.00	1,642,031,896.33	1,603,379,903.82	–	19,004,522.87
7	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.	20,000.00	2,672,015,450.83	206,187,447.49	580,985,455.65	–22,139,178.76
8	Tianxin International Finance Lease Co., Ltd.	USD30 million	2,762,566,804.25	448,700,349.96	83,675,117.29	40,663,154.82
9	Goldwind Environmental Science & Technology Co., Ltd.	100,000.00	1,865,654,645.48	1,036,721,638.50	68,129,422.07	24,049,365.30

viii. Use of H Shares 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 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 2017, the accumulated used proceeds were the equivalent of RMB6,754 million in HKD. All the proceeds have been used up. The use of the Company's H share proceeds is as follows:

As at 30 June 2017
Unit: RMB million

Proceeds Projects	Planned Investment	Actual Investment	Unused Amount
Construction of production base and optimisation of business operations	2,715	2,715	–
R&D of WTGs and components	986	986	–
International business	1,972	1,972	–
Bank loan repayment	411	411	–
General working capital	670	670	–
Total	6,754	6,754	–

IV. OPERATIONS PERFORMANCE AND ANALYSIS

The contents of this section should be read in conjunction with the Financial Statements, including the relevant notes, set out in this interim report.

Summary

During the six months ended 30 June 2017, revenue for the Group was RMB9,779.77 million, representing a decrease of 9.78% compared with RMB10,839.59 million for the corresponding period in 2016. Net profit attributable to owners of the Company was RMB1,132.92 million, representing a decrease of 21.87% compared with RMB1,450.12 million for the corresponding period in 2016. The Company reported basic earnings per share of RMB0.31.

Revenue

The Group's revenue was generated mainly from (i) WTG Manufacturing, (ii) Wind Power Services, (iii) Wind Farm Investment and Development and (iv) Others. 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, maintenance and other services. Revenue from Wind Farm Investment and Development was mainly generated from the sale of power produced by our operating wind farms. Revenue from other business segments included revenue from the Group's finance lease activities and water treatment.

Management Discussion and Analysis

During the six months ended 30 June 2017, revenue for the Group was RMB9,779.77 million, representing a decrease of 9.78% compared with RMB10,839.59 million for the corresponding period in 2016. Details are set out below:

Unit: RMB thousand

	Six months ended 30 June			
	2017	2016	Amount Change	Percentage Change
WTG Manufacturing	**7,264,258**	9,134,944	(1,870,686)	–20.48%
Wind Power Services	**709,831**	445,494	264,337	59.34%
Wind Farm Investment and Development	**1,657,481**	1,138,642	518,839	45.57%
Others	**148,198**	120,508	27,690	22.98%
Total	**9,779,768**	10,839,588	(1,059,820)	–9.78%

Revenue decreased due to: (i) the wind power industry in the first half of 2017 continuing low speed development, the Group's sales revenue from WTGs declined; (ii) the revenue from EPC increased significantly YoY due to the Group's aggressive expansion; (iii) with the increase of the capacity of entering into operational wind farms, generating revenue increased significantly; (iv) the Group greatly enhanced its ability to withstand risk and actively developed a diversified profit model, as a result, lease financing business and water treatment business sales revenue significantly increased during the Reporting Period.

Cost of Sales

Unit: RMB thousand

	Six months ended 30 June			
	2017	2016	Amount Change	Percentage Change
WTG Manufacturing	**5,486,348**	6,747,268	(1,260,920)	–18.69%
Wind Power Services	**538,995**	357,319	181,676	50.84%
Wind Farm Investment and Development	**565,620**	402,901	162,719	40.39%
Others	**52,287**	11,258	41,029	364.44%
Total	**6,643,250**	7,518,746	(875,496)	–11.64%

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

Gross Profit

Unit: RMB thousand

	Six months ended 30 June 2017	Six months ended 30 June 2016	Amount Change	Percentage Change
WTG Manufacturing	**1,777,910**	2,387,676	(609,766)	–25.54%
Wind Power Services	**170,836**	88,175	82,661	93.75%
Wind Farm Investment and Development	**1,091,861**	735,741	356,120	48.40%
Others	**95,911**	109,250	(13,339)	–12.21%
Total	**3,136,518**	3,320,842	(184,324)	–5.55%

The Group's gross profit decreased mainly due to a decrease in the gross profit from WTG manufacturing YoY.

For the six months ended 30 June 2017 and 2016, our comprehensive gross profit margin was 32.07% and 30.64%, respectively, and the gross profit margin for WTG Manufacturing business segment was 24.47% and 26.14%, respectively.

The following table sets out the gross profit margins for the Group's WTGs by unit capacity including the 1.5MW series, 2.0MW series, 2.5MW series and 3.0MW series (prepared in accordance with CASBE):

Gross Profit Margin	Six months ended 30 June 2017	Six months ended 30 June 2016	Change (percentage points)
3.0MW	**16.44%**	33.15%	–16.71
2.5MW	**23.34%**	27.75%	–4.41
2.0MW	**25.68%**	24.21%	1.47
1.5MW	**26.73%**	27.69%	–0.96

During the Reporting Period, the Group continued to promote lean and value-added management, eliminate inefficiencies, and strive to achieve the best overall costs. During the Reporting Period, gross profit margin of 1.5MW WTGs had a certain degree of decrease, decreased to 26.73% from 27.69% in the corresponding period of 2016. There was greater efficiency in the scale of 2.0MW WTGs as it entered into mass production, increasing the gross profit margin to 25.68% from 24.21% in the corresponding period of 2016. Due to the intensifying market competition, the bidding price declined more than the cost improvement range, the gross profit margin of 2.5MW WTGs decreased to 23.34% from 27.75% in the corresponding period of 2016. Our 3.0MW WTGs are still in the market development stage. The adjustment of product market adaptability resulted in that the gross profit margin of 3.0MW WTGs decreased to 16.44% from 33.15%.

Other Income and Gains

The Group's other income and gains primarily consisted of gains from the sale of wind farms (including gains from the sale of WTGs installed at our wind farms), insurance compensation on product warranty expenditures, government grants received for our R&D projects and upgrades of our production facilities, bank interest income, gross rental income and etc.

Other income and gains of the Group for the six months ended 30 June 2017 was RMB370.57 million, which was essentially flat compared the corresponding period in 2016.

Selling and Distribution Costs

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

Selling and distribution costs of the Group for the six months ended 30 June 2017 was RMB735.69 million, representing a 11.56% decrease compared with RMB831.84 million for the corresponding period in 2016. This was mainly attributed to a decrease in the sales volume of WTGs which led to decreased product warranty provisions and transportation fees.

Administrative Expenses

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

Administrative expenses of the Group for the six months ended 30 June 2017 was RMB913.33 million, representing a 16.01% increase compared with RMB787.26 million for the corresponding period in 2016. This was mainly attributed to the increasing R&D expenses gradually for the Group's enhancing core competitiveness, and increasing consulting expenses for the improvement of the Group's whole informational degree.

Other Expenses

The Group's other expenses primarily consisted of bank charges, foreign exchange losses, and impairment provisions accrued in connection with our trade receivables and etc.

Other expenses of the Group for the six months ended 30 June 2017 was RMB209.22 million, representing a 30.37% increase compared with RMB160.48 million for the corresponding period in 2016. This was mainly attributed to the increased impairment provision for trade receivables, loss from fair value change of derivative instrument and bank charges offset by decreased exchange earning.

Finance Costs

Finance costs of the Group for the six months ended 30 June 2017 was RMB395.57 million, representing a 29.53% increase compared with RMB305.38 million for the corresponding period in 2016. This was mainly attributed to an increase in interest on bank loans and other borrowings resulting from increased average loan balance, and increased operational 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 2017 was RMB148.49 million, representing a 25.53% decrease compared with RMB199.39 million for the corresponding period in 2016. This was mainly attributed to decreased pre-tax profit.

Financial Position

As at 30 June 2017 and 31 December 2016, total assets of the Group were RMB64,953.94 million and RMB64,437.17 million, respectively, current assets of the Group were RMB31,113.20 million and RMB33,096.62 million, respectively, percentages of current assets to total assets of the Group were 47.90% and 51.36%, respectively. The Group's current assets decreased mainly due to the decrease of the Group's cash and cash equivalents.

As at 30 June 2017 and 31 December 2016, total non-current assets of the Group were RMB33,840.74 million and RMB31,340.55 million. The Group's non-current assets increased mainly due to increased financial receivables resulting from increased financial lease receivables and water concession rights, increased property, plant and equipment resulting from increased operating and under-construction wind farms, increased other intangible assets, increased investments in joint ventures resulting from the outside investment, increased prepayments, deposits and other receivables.

As at 30 June 2017 and 31 December 2016, total liabilities of the Group were RMB43,638.10 million and RMB43,738.37 million, respectively, current liabilities of the Group were RMB25,157.71 million and RMB24,662.98 million, respectively. The Group's current liabilities increased mainly due to increased interest-bearing bank loans repayable within a year, increased other payables, increased liabilities directly associated with the assets classified as held for sale resulting from disposal of wind farms, and increased provisions offset by decreased trade payables.

As at 30 June 2017 and 31 December 2016, total non-current liabilities of the Group were RMB18,480.40 million and RMB19,075.39 million, respectively. The Group's non-current liabilities decreased mainly due to decreased long-term bank loans, and decreased provisions offset by increased trade and bills payables.

As at 30 June 2017 and 31 December 2016, net current assets of the Group were RMB5,955.49 million and RMB8,433.64 million, respectively, and net assets of the Group were RMB21,315.84 million and RMB20,698.79 million, respectively.

As at 30 June 2017 and 31 December 2016, cash and cash equivalents of the Group were RMB3,912.13 million and RMB7,534.17 million, respectively, and total interest-bearing bank loans and other borrowings of the Group were RMB18,762.08 million and RMB18,091.11 million, respectively.

Financial Resources and Liquidity

Unit: RMB thousand

Cash Flow Statements	Six months ended 30 June 2017	2016
Net cash flows used in operating activities	**(1,551,531)**	(2,101,223)
Net cash flows used in investment activities	**(3,325,696)**	(3,003,649)
Net cash flows from financing activities	**1,230,136**	4,407,961
Net decrease in cash and cash equivalents	**(3,647,091)**	(696,911)
Cash and cash equivalents at beginning of Reporting Period	**7,526,463**	6,141,430
Net effect of foreign exchange rate changes	**23,749**	11,777
Cash and cash equivalents at end of Reporting Period	**3,903,121**	5,456,296

1. Net cash flows 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 2017, the Group reported net cash flows used in operating activities of RMB1,551.53 million. Cash outflows were principally comprised of a RMB1,887.18 million decrease in trade and bills payables, a RMB775.60 million increase in inventory (in preparation of anticipated deliveries scheduled during the second half of 2017), a RMB741.58 million increase in financial receivables, a RMB669.36 million increase in prepayments, deposits and other receivables, income tax paid of RMB242.52 million. Such cash outflows were offset by profit before tax of RMB1,335.95 million, adjusted for a RMB777.67 million increase in other payables, advances from customers and accruals, a RMB512.70 million increase in depreciation and a RMB395.57 million increase in finance costs.

For the six months ended 30 June 2016, the Group reported net cash flows used in operating activities of RMB2,101.22 million. Cash outflows were principally comprised of a RMB3,235.25 million increase in trade and bills receivables, a RMB873.85 million increase in inventory (in preparation of anticipated deliveries scheduled during the second half of 2016) and a RMB425.23 million increase in prepayment, deposit and other receivables, income tax paid of RMB485.30 million. Such cash outflows were offset by profit before tax of RMB1,705.91 million, adjusted for a RMB554.66 million increase in other payables and accruals, a RMB461.91 million increase in trade and bills payable, a RMB383.46 million increase in depreciation and a RMB305.38 million increase in finance costs.

2. **Net 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, the purchases of available-for-sale investments, pledged deposits, and non-pledged time deposits with original maturity of three months or more when acquired and etc.

For the six months ended 30 June 2017, the Group reported net cash flows used in investment activities of RMB3,325.70 million. Cash outflows were principally due to the purchases of items of property, plant and equipment and additions to other intangible assets in the amount of RMB2,317.94 million, the acquisition of subsidiaries in the amount of RMB840.76 million (net of cash) and the purchases of available-for-sale investments in the amount of RMB196.18 million. Such cash outflows were offset by the proceeds from disposal of available-for-sale investments in the amount of RMB76.84 million and dividend received from joint ventures and associated and dividend received from available-for-sale investments in the amount of RMB31.42 million.

For the six months ended 30 June 2016, the Group reported net cash flows used in investment activities of RMB3,003.65 million. Cash outflows were principally due to the purchases of items of property, plant and equipment and additions to other intangible assets in the amount of RMB2,540.78 million and the purchases of available-for-sale investments in the amount of RMB659.35 million. Such cash outflows were offset by the proceeds from disposal of available-for-sale investment in the amount of RMB234.72 million and dividend from joint ventures and associated companies and dividend received from available-for-sale investments in the amount of RMB94.27 million.

3. **Net cash flows from financing activities**

The Group's net cash flows used in financing activities primarily consist of repayments 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 2017, the Group reported net cash flows from financing activities of RMB1,230.14 million. Cash inflows were principally contributed by new bank loans and other borrowings of RMB2,409.74 million. These cash inflows were offset by repayment of bank loans and other borrowings of RMB731.73 million and interest paid of RMB409.16 million.

For the six months ended 30 June 2016, the Group reported net cash flows from financing activities of RMB4,407.96 million. Cash inflows were principally contributed by new bank loans and other borrowings of RMB4,025.15 million and issuance of perpetual medium-term notes of RMB996.55 million. These cash inflows were offset by repayment of bank loans and other borrowings of RMB297.63 million and interest paid of RMB320.83 million.

Management Discussion and Analysis

Capital Expenditure

Capital expenditures of the Group for the six months ended 30 June 2017 were RMB2,573.11 million, representing an increase of 10.98% from RMB2,318.60 million for the six months ended 30 June 2016. 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 2017, the total amount of interest-bearing bank loans of the Group was RMB15,119.40 million, including amounts due within one year of RMB3,095.03 million, in the second year of RMB944.45 million, in the third to fifth year of RMB3,770.07 million, and above five years of RMB7,309.85 million. In addition, as at 30 June 2017, the Group had issued a corporate bond repayable with a book value of RMB3,642.69 million, including amounts due within one year of RMB728.60 million, in the second year of RMB2,243.71 million, in the third to fifth year of RMB670.38 million. Details are set out in Note 21 to the Financial Statements. During the Reporting Period, the Group does not have any interest rate hedging.

Restricted Assets

As at 30 June 2017, the following assets of the Group with a total carrying value of RMB14,557.98 million were restricted as security for certain bank loans and other banking facilities. Such assets included bank deposits of RMB323.58 million, trade and bills receivables of RMB1,833.57 million, property, plant and equipment of RMB11,736.34 million, financial receivables of RMB515.72 million and prepaid land lease payments of RMB148.77 million.

As at 31 December 2016, the following assets of the Group with a total carrying value of RMB15,084.19 million were restricted as security for certain bank loans and other banking facilities. Such assets included bank deposits of RMB1,016.81 million, trade and bills receivables of RMB1,324.52 million, property, plant and equipment of RMB12,100.28 million, financial receivables of RMB487.43 million and prepaid land lease payments of RMB155.15 million.

Gearing Ratio

As at 30 June 2017 and 31 December 2016, the Group's gearing ratios, defined as net liabilities divided by total capital, were 59.00% and 56.48%, respectively.

Exposure to Fluctuations in Exchange Rates and any Related Hedges

The Group primarily operates its businesses in China. Over 80% 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 2017, the Group signed a few forward foreign exchange agreements with ANZ Bank, Citibank, and Societe Generale to avoid foreign currency exchange risks. The Group's foreign exchange exposure associated with such transactions (expect for the functional currency of the relevant operating entities) maintained at a relatively low level. The currency exchange difference incurred by the Group in respect of the long-term equity investment by our subsidiaries incorporated outside China was recorded under the exchange 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 2017 and 31 December 2016, contingent liabilities of the Group were RMB12,798.01 million and RMB12,181.46 million, respectively. Details are set out in Note 25 to the Financial Statements.

V. OUTLOOK FOR THE SECOND HALF OF 2017

Following the adjustment of the overall wind power construction strategy and the technological advancement in the PRC, the wind power market extended from the Three-North region to mid-eastern and southern China with higher power consumption and no power curtailment. In the first half of 2017, mid-eastern and southern China contributed over 50% of China's newly installed wind power capacity, surpassing the Three-North region for the first time. As planned by the NEA, the newly installed wind power capacity (including offshore wind power) in mid-eastern and southern China will exceed 47 million kW, accounting for 57% of the newly installed capacity in China during the "Thirteenth Five-Year Plan" period.

Wind resources are rich in offshore China. The vast sea area in the east coast of China which is 2 to 15 meters in depth has great potential for wind power development, especially the coast, tidal flats and offshore area in Jiangsu. Due to the decline in wind resources available for development on land, the construction of wind farms is gradually shifting from onshore to offshore. According to the Thirteenth Five-Year Plan on Wind Power Development (《風電發展「十三五」規劃》) published by the NEA, the cumulative installed wind power capacity shall exceed 210 million kW by the end of 2020. Among which, the installed capacity of offshore wind power shall be above 5 million kW and the annual power generation shall reach 420 billion kWh, accounting for approximately 6% of the domestic power generation in aggregate. The NDRC and the State Oceanic Administration of the PRC jointly issued the Thirteenth Five-Year Plan on National Marine Economic Development (《全國海洋經濟發展「十三五」規劃》), which proposed the site-specific and reasonable development of offshore wind power industry. It also encouraged the construction of offshore wind farm in distant water, adjustment of the grid connection policy for wind power, and optimisation of the technical standard systems and standards for marine use in the offshore wind power industry. In addition, it also planned to strengthen the R&D of 5MW, 6MW and above high power offshore wind power equipment, achieve breakthrough in key technology of offshore substantiation and submarine power transmission, and extend to auxiliary offshore wind power industries such as energy storage devices and smart grid.

The New Energy Outlook 2017 Report published by Bloomberg New Energy Finance predicted that wind power and solar power will take up 60% of the total investment in power generation technology from 2017 to 2040, hence wind power will become the most important new energy investment. Furthermore, the cost of offshore wind power technology will drop faster than the rapid decline in the cost of onshore wind power technology. It is expected that global wind power generation will steadily increase from 2017 and the installed wind power capacity in China will exceed 200GW in 2020. Looking ahead to 2030, there will be a new round of growth in the global and PRC wind power industry.

Potential Risk Factors

(1) Wind curtailment

The wind curtailment still affected the growth of the industry during the Reporting Period and will continue to be the key restraint to wind power development in the near term, despite the significant improvement in the PRC during the first half of 2017.

(2) Political Risks

The development of the wind power industry is inextricably linked to the national policy. Due to the national tariff reduction policy which will become effective in 2018, the competition for market share and resources between wind power enterprises will intensify in 2017, which may create challenges to market expansion and resources reservation.

(3) Declining demand from customers

As sales to major customers accounted for a high proportion of total annual sales of the Company, changes in the demand from major customers or their investment plan due to the macroeconomic environment or their development may affect the production and operation of the Company.

(4) Economic environment and change in exchange rate

The uneven growth across major economies in the world, uncertainty in globalisation due to geopolitical factors, the potential rise of trade protectionism and fluctuation of Renminbi exchange rate may affect the profitability of the Company and the expansion of the international business.

In view of the above risks, the Company will strengthen its principal activities while penetrating the well-established sectors in the wind power value chain that offer more room for value enhancement. By providing comprehensive wind power solutions comprising wind power equipment manufacturing and smart energy services and clean power to customers, it will continue to consolidate and enhance its leading position in the global wind power industry. Given the opportunities and challenges ushered in by industry policy and market development, the Company will adopt the customer-oriented strategy, increase R&D investment, boost innovation capability, strive for technology upgrade and improve product functionality, so as to keep creating value for customers. In the meantime, it will closely monitor the change of exchange rate and interest rate and strengthen capital management to reduce exchange risk.

Corporate Competitive Advantages

i. Market Position

Goldwind is one of the longest-established WTG manufacturers in China. During more than ten years of development, we have matured into a leading domestic manufacturer and global comprehensive wind power solutions provider. Our 1.5MW, 2.5MW, 3.0MW and 6.0MW DDPM WTG series represent the most promising technology in the global wind power industry. Goldwind has consistently ranked first in China's wind power manufacturing market for six years. We have sustained our market leadership for many years.

ii. Products and Technology

Goldwind's DDPM WTGs are known for their superior performance, including high efficiency, low operations and maintenance costs, grid-friendly features and high availability. Our products are widely recognised by our customers and represent a leading global wind power technology. We have seven R&D centres in the world and more than two thousand seasoned R&D personnel with extensive industry experience, contributing to the advancement of our new products and technology. We have developed a diversified and serialized product portfolio, including specialised WTGs for different terrains and climate conditions to satisfy the diverse demands of our customers. Furthermore, we have reserved the 6MW offshore DDPM WTG for the development of the offshore wind power market. Our diversified products have improved our market position. We currently have a substantial backlog of WTG orders, providing enhanced revenue visibility and demonstrating that our customers value the superior quality of our products and services.

iii. Brand Awareness

Goldwind has successfully established its brand and continues to improve awareness of its products' advanced technology, superior quality, high efficiency, and excellent after-sales services. We have received excellent praise from the public and gained substantial recognition from government agencies, our customers, our business partners, and investors.

iv. Comprehensive Wind Power Solutions

Goldwind continued to consolidate its position as a leading comprehensive wind power solutions provider, thanks to its advanced technology, products, and extensive experience in wind farm development, operations and maintenance. In addition to sales of WTGs, we continued to expand alternative sources of profit such as wind farm development and sales and wind power services. Over the past years, these businesses have become highly profitable and an important complement to our core business. We have successfully overcome 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 promote a strategy of internationalisation. By following a principle of "internationalisation through localisation", we achieved breakthroughs in key target markets in the Americas, Australia and Europe. We continued to make progress in emerging markets in Africa and Asia. Our overseas projects are distributed across six continents.

Other Information

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

Based on information known to the Directors, as at 30 June 2017, the interests and short positions of the Directors, Supervisors and the Chief Executive in shares of the Company are set out as follows:

Long position:

Name	Capacity	Share Category	Number of Shares	As a Percentage of A Shares	As a Percentage of Total Shares
Mr. Wu Gang	Beneficial owner	A Shares	40,167,040	1.80%	1.47%
Mr. Wang Haibo	Beneficial owner	A Shares	550,000	0.02%	0.02%
Mr. Cao Zhigang	Beneficial owner	A Shares	9,918,024	0.44%	0.36%

Other than as disclosed above, as at 30 June 2017, as far as is known to the Directors, none of the Directors, Supervisors or the Chief Executive had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, as set out in Appendix 10 of the Listing Rules.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its securities.

INTERIM DIVIDEND

The Board of the Company has decided not to declare payment of interim dividend for the six months ended 30 June 2017.

SHARE CAPITAL STRUCTURE

The particulars of the issued share capital of the Company as at 30 June 2017 are set out as follows:

Share Category	Number of Shares	As a Percentage of Total Shares
A Shares	2,235,494,200	81.72%
H Shares	500,046,800	18.28%
Total	2,735,541,000	100%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, as far as known to the Directors, the following persons (not being the Directors, the Supervisors and the Chief Executive) had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO:

H Shares:

(L) – Long position, (S) – Short position, (P) – Lending pool

Name of Shareholder	Capacity	Number of Shares	Total	As a Percentage of H Shares	As a Percentage of Total Shares
Anbang Insurance Group Co., Ltd. [1]	Interest of controlled corporation	41,224,000 (L)	41,224,000 (L)	8.24%	1.51%
Anbang Life Insurance Co., Ltd. [1]	Interest of controlled corporation	41,224,000 (L)	41,224,000 (L)	8.24%	1.51%
Anbang Wealth Insurance Co., Ltd. [1]	Interest of controlled corporation	41,224,000 (L)	41,224,000 (L)	8.24%	1.51%
Anbang Assets Management (Hong Kong) Co., Ltd. [1]	Beneficial owner	41,224,000 (L)	41,224,000 (L)	8.24%	1.51%
Value Partners Group Limited [2]	Interest of controlled corporation	40,936,800 (L)	40,936,800 (L)	8.19%	1.50%
Value Partners Hong Kong Limited [2]	Interest of controlled corporation	40,936,800 (L)	40,936,800 (L)	8.19%	1.50%
Value Partners Limited [2]	Beneficial owner	40,936,800 (L)	40,936,800 (L)	8.19%	1.50%
東方證券股份有限公司 (DFZQ) [3]	Beneficial owner	11,318,600 (L)			
	Interest of controlled corporation	25,001,800 (L)	36,320,400 (L)	7.26%	1.33%
Value Partners High-Dividend Stocks Fund	Beneficial owner	35,414,600 (L)	35,414,600 (L)	7.08%	1.30%
International Finance Corporation	Beneficial owner	32,044,600 (L)	32,044,600 (L)	6.41%	1.17%
JP Morgan Chase & Co [4]	Beneficial owner	2,210,484 (L)	25,895,358 (L)	5.18%	0.95%
	Beneficial owner	944,100 (S)	944,100 (S)	0.19%	0.03%
	Investment manager	12,400 (L)	23,672,474 (P)	4.73%	0.87%
	Custodian corporation/ approved lending agent	23,672,474 (L)			
Value Partners High-Dividend Stocks Fund	Beneficial owner	25,400,600 (L)	25,400,600 (L)	5.08%	0.93%

Other Information

Notes:

1. Anbang Insurance Group Co. Ltd. ("Anbang Group") holds 99.98% of the equity interests of Anbang Life Insurance Co., Ltd. ("Anbang Life"). Anbang Group and Anbang Life hold 48.92% and 48.65%, respectively, of the equity interests of Anbang Wealth Insurance Co., Ltd. ("Anbang Wealth"). Anbang Wealth holds 100% of the equity interests of Anbang Assets Management (Hong Kong) Co., Ltd. Under the SFO, each of the Anbang Group, Anbang Life and Anbang Wealth is deemed to be interested in the 41,224,000 H Shares held by Anbang Assets Management (Hong Kong) Co., Ltd.

2. Value Partners Group Limited holds 100% interest in Value Partners Hong Kong Limited, which in turn holds 100% interests in Value Partners Limited. Under the SFO, each of Value Partner Group Limited and Value Partners Hong Kong Limited is deemed to be interested in the 40,936,800 H Shares held by Value Partners Limited.

3. 東方證券股份有限公司(DFZQ) holds 100% interest in 上海東方證券資產管理有限公司. Under the SFO, in addition to the 11,318,600 H Shares directly held by itself, 東方證券股份有限公司(DFZQ) is deemed to be interested in the 25,001,800 H Shares held by 上海東方證券資產管理有限公司.

4. Among the aggregate interests of JP Morgan Chase & Co, 32,200 shares (short position) were held through listed cash settled derivatives, 538,600 shares (long position) were held though unlisted cash settled derivatives and 180,000 shares (both long and short position) were held through unlisted physical settled derivatives. JP Morgan Chase & Co also had 23,672,474 shares in a lending pool.

A Shares (Long Position):

Name of Shareholder	Capacity	Number of Shares	Total	As a Percentage of A Shares	As a Percentage of Total Shares
Xinjiang Wind Power	Beneficial owner	375,920,386	375,920,386	16.82%	13.74%
China Three Gorges New Energy[1]	Beneficial owner	276,137,055	663,579,673	29.68%	24.26%
	Interest in controlled corporation	375,920,386			
China Three Gorges[2]	Interest in controlled corporation	663,579,673	663,579,673	29.68%	24.26%
Anbang Insurance Group Co., Ltd. [3,4]	Beneficial owner	17,113,600	368,833,576	16.50%	13.48%
	Interest in controlled corporation	351,719,976			
Anbang Life Insurance Co., Ltd.[3,4]	Beneficial owner	214,541,738	351,719,976	15.73%	12.86%
	Interest in controlled corporation	137,178,238			
Anbang Wealth Insurance Co., Ltd.[4]	Interest in controlled corporation	113,248,111	113,248,111	5.07%	4.14%
Hexie Health Insurance Co., Ltd.	Beneficial owner	113,248,111	113,248,111	5.07%	4.14%
Anbang Annuity Insurance Co., Ltd.	Beneficial owner	23,930,127	23,930,127	1.07%	0.87%

Notes:

1. China Three Gorges New Energy directly holds 287,659,287 A Shares. China Three Gorges New Energy and China Three Gorges hold 43.33% of the issued share capital of Xinjiang Wind Power. Under the SFO, besides directly holding interests in our Company, China Three Gorges New Energy is deemed to be interested in the 375,920,386 A Shares held by Xinjiang Wind Power.

2. China Three Gorges is the holding company of China Three Gorges New Energy. Under the SFO, the 375,920,386 A Shares held by Xinjiang Wind Power in which China Three Gorges New Energy is deemed to be interested, and the 287,659,287 A Shares directly held by China Three Gorges New Energy are deemed to be the interests of China Three Gorges in our Company.

3. Anbang Group holds 99.98% of the equity interests of Anbang Life. Under the SFO, Anbang Group is deemed to be interested in the 214,541,738 A Shares held by Anbang Life.

   Anbang Life also holds 86.36% of the equity interests of Anbang Annuity Insurance Co., Ltd. ("Anbang Annuity"). Under the SFO, Anbang Group is deemed to be interested in the 23,930,127 A Shares held by Anbang Annuity.

   Anbang Group and Anbang Wealth hold 34.73% and 65.17%, respectively, of the equity interests of Hexie Health Insurance Co., Ltd. ("Hexie Health"). Under the SFO, Anbang Group is deemed to be interested in the 113,248,111 A Shares held by Hexie Health.

   Accordingly, aside from directly holding interest in the Company, Anbang Group is deemed to be interested in the 214,541,738 A Shares, the 23,930,127 A Shares and the 113,248,111 A Shares held by Anbang Life, Anbang Annuity, and Hexie Health, respectively.

4. Under the SFO, aside from the directly holding interests in the Company, Anbang Life is deemed to be interested in the 113,248,111 A Shares and the 23,930,127 A Shares held by Hexie Health and Anbang Annuity, respectively Anbang Wealth is also deemed to be interested in the 113,248,111 A Shares by Hexie Health.

Other than as disclosed above, as at 30 June 2017, as far as is known to the Directors, no other persons (excluding Directors, Supervisors, and the Chief Executive) had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

NUMBER OF SHAREHOLDERS

As at 30 June 2017, the total of the Shareholders was 147,132, among which the numbers of holders of A Shares and H Shares were 145,740 and 1,392, respectively.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Other Information

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct governing directors' and supervisors' dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code. Upon specific enquiries by the Company, all Directors and Supervisors have confirmed that they had complied with the provisions of the Model Code during the six months ended 30 June 2017 and up to the Latest Practicable Date.

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2017, the Audit Committee consisted of two independent non-executive Directors, namely Mr. Luo Zhenbang and Dr. Tin Yau Kelvin Wong, and one non-executive Director, namely Mr. Zhao Guoqing. The chairman of the Audit Committee was Mr. Luo Zhenbang. The Audit Committee and the Company's auditors, Ernst & Young, have reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

CHANGES TO INFORMATION ON DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

On 28 February 2017, Mr. Gao Jianjun was elected as a non-executive Director. On 29 March 2017, Mr. Gao was elected by the Board as a member of the strategic committee of the Company.

On 24 March 2017, Mr. Wang Shiwei resigned as supervisor of the Company. On 28 June 2017, Ms. Xiao Hong was elected as supervisor of the Company at the 2016 AGM.

Aside from disclosed above, as far as is known to the Company, during the six months ended 30 June 2017, there were no changes to information that were required to be disclosed by the Directors, Supervisors and Chief Executive pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

HUMAN RESOURCES

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

As at 30 June 2017, the Group had a total of 7,512 employees.

Other Information

INVESTOR RELATIONS

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

During the six months ended 30 June 2017, the Company strictly complied with its disclosure obligations, improved its communications with investors, and strived to provide investors with a fair and transparent investment environment. During the same period, the Company's Investor Relations division organized two results announcement telephone conferences, and one online Q&A investor interactive session, accommodated a total of 390 investors in such events. In addition, the Company organized 40 investor receptions, attended six analyst conferences during the reporting period, hosted a total of 649 investors in such events.

Report on Review of Interim Condensed Consolidated Financial Statements

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

安永會計師事務所
香港中環添美道1號
中信大廈22樓

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

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

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
25 August 2017

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	 2016 (Unaudited) RMB'000
REVENUE	4	**9,779,768**	10,839,588
Cost of sales		**(6,643,250)**	(7,518,746)
Gross profit		**3,136,518**	3,320,842
Other income and gains	4	**370,572**	384,881
Selling and distribution expenses		**(735,689)**	(831,835)
Administrative expenses		**(913,331)**	(787,262)
Other expenses		**(209,217)**	(160,477)
Finance costs	6	**(395,571)**	(305,382)
Share of profits of:			
Joint ventures		**68,049**	58,071
Associates		**14,616**	27,076
PROFIT BEFORE TAX	5	**1,335,947**	1,705,914
Income tax expense	7	**(148,493)**	(199,387)
PROFIT FOR THE PERIOD		**1,187,454**	1,506,527
Profit attributable to:			
Owners of the parent		**1,132,919**	1,450,116
Non-controlling interests		**54,535**	56,411
		1,187,454	1,506,527

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June **2017** **(Unaudited)** **RMB'000**	 2016 (Unaudited) RMB'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**77,809**	123,397
Share of other comprehensive income of associates and a joint venture		**43,808**	–
Changes in fair value of available-for-sale investment, net of tax		**(22,359)**	(27,109)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**99,258**	96,288
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**99,258**	96,288
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1,286,712**	1,602,815
Total comprehensive income attributable to:			
Owners of the parent		**1,232,177**	1,546,404
Non-controlling interests		**54,535**	56,411
		1,286,712	1,602,815
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	9	**0.31**	0.41

Interim Condensed Consolidated Statement of Financial Position

30 June 2017

	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	20,071,779	19,478,691
Investment properties		69,352	70,801
Prepaid land lease payments		306,031	292,332
Goodwill		498,265	474,429
Other intangible assets		1,507,090	775,804
Investments in joint ventures		1,033,259	814,130
Investments in associates		468,079	493,832
Available-for-sale investments	11	1,204,287	1,191,325
Deferred tax assets	12	1,544,675	1,517,391
Held-to-maturity investments		49,980	49,995
Trade receivables	13	1,878,899	1,857,030
Financial receivables	14	3,158,623	2,451,312
Prepayments, deposits and other receivables	15	1,773,013	1,594,871
Derivative financial instruments	16	–	1,986
Pledged deposits	18	277,405	276,618
Total non-current assets		33,840,737	31,340,547
CURRENT ASSETS			
Inventories	17	3,985,277	3,192,280
Trade and bills receivables	13	17,691,913	16,746,456
Financial receivables	14	370,649	336,382
Prepayments, deposits and other receivables	15	2,337,860	1,977,549
Available-for-sale investments	11	860,000	750,000
Derivative financial instruments	16	31	25,937
Pledged deposits	18	46,176	740,196
Cash and cash equivalents	18	3,912,127	7,534,171
		29,204,033	31,302,971
Assets of disposal groups classified as held for sale		1,909,169	1,793,649
Total current assets		31,113,202	33,096,620

Interim Condensed
Consolidated Statement of Financial Position

30 June 2017

	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	19	**12,645,024**	14,472,721
Other payables, advance from customers and acruals	20	**5,576,805**	5,026,219
Derivative financial instruments	16	**4,324**	–
Interest-bearing bank and other borrowings	21	**3,823,631**	2,672,069
Tax payable		**162,452**	242,759
Provision		**1,829,916**	1,599,111
		24,042,152	24,012,879
Liabilities directly associated with the assets classified as held for sale		**1,115,557**	650,100
Total current liabilities		**25,157,709**	24,662,979
NET CURRENT ASSETS		**5,955,493**	8,433,641
TOTAL ASSETS LESS CURRENT LIABILITIES		**39,796,230**	39,774,188
NON-CURRENT LIABILITIES			
Trade payables	19	**808,665**	754,661
Other payables	20	**80,523**	109,638
Interest-bearing bank and other borrowings	21	**14,938,453**	15,419,038
Deferred tax liabilities	12	**241,754**	100,866
Provision		**2,086,765**	2,366,770
Government grants		**303,739**	304,770
Deferred revenue		**20,496**	19,651
Total non-current liabilities		**18,480,395**	19,075,394
Net assets		**21,315,835**	20,698,794
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,735,541**	2,735,541
Reserves		**17,850,633**	17,240,611
		20,586,174	19,976,152
Non-controlling interests		**729,661**	722,642
Total equity		**21,315,835**	20,698,794

Wu Gang
Director

Wang Haibo
Director

Interim Condensed
Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Notes	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	Available-for-sale investment revaluation reserve (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Other equity instruments (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Total (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
As at 1 January 2017		**2,735,541**	**8,167,993**	**–**	**1,094,426**	**78,548**	**(174,476)**	**1,495,118**	**6,579,002**	**19,976,152**	**722,642**	**20,698,794**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,132,919**	**1,132,919**	**54,535**	**1,187,454**
Other comprehensive income/(loss) for the period:												
Changes in fair value of available-for-sale investment, net of tax		**–**	**–**	**–**	**–**	**(22,359)**	**–**	**–**	**–**	**(22,359)**	**–**	**(22,359)**
Share of other comprehensive income of associates and a joint venture		**–**	**43,808**	**–**	**–**	**–**	**–**	**–**	**–**	**43,808**	**–**	**43,808**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**77,809**	**–**	**–**	**77,809**	**–**	**77,809**
Total comprehensive income/(loss) for the period		**–**	**43,808**	**–**	**–**	**(22,359)**	**77,809**	**–**	**1,132,919**	**1,232,177**	**54,535**	**1,286,712**
Capital contributions from non-controlling shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30,800**	**30,800**
Acquisition of subsidiaries	23	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,831**	**9,831**
Disposal to non-controlling shareholders		**–**	**(4,047)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,047)**	**4,047**	**–**
Final 2016 dividend declared		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(547,108)**	**(547,108)**	**–**	**(547,108)**
Dividends declared to non-controlling shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(23,523)**	**(23,523)**
Disposal of a subsidiary	24	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(68,671)**	**(68,671)**
Transfer to special reserve		**–**	**–**	**14,970**	**–**	**–**	**–**	**–**	**(14,970)**	**–**	**–**	**–**
Utilisation of special reserve		**–**	**–**	**(14,970)**	**–**	**–**	**–**	**–**	**14,970**	**–**	**–**	**–**
Other equity instruments' distribution		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(71,000)**	**(71,000)**	**–**	**(71,000)**
At 30 June 2017		**2,735,541**	***8,207,754**	***–**	***1,094,426**	***56,189**	***(96,667)**	***1,495,118**	***7,093,813**	**20,586,174**	**729,661**	**21,315,835**
As at 1 January 2016		2,735,541	8,215,117	–	816,177	119,314	(342,032)	–	5,217,329	16,761,446	629,158	17,390,604
Profit for the period		–	–	–	–	–	–	–	1,450,116	1,450,116	56,411	1,506,527
Other comprehensive (loss)/income for the period:												
Changes in fair value of available-for-sale investment, net of tax		–	–	–	–	(27,109)	–	–	–	(27,109)	–	(27,109)
Exchange differences on translation of foreign operations		–	–	–	–	–	123,397	–	–	123,397	–	123,397
Total comprehensive (loss)/income for the period		–	–	–	–	(27,109)	123,397	–	1,450,116	1,546,404	56,411	1,602,815
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	5,126	5,126
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	7,709	7,709
Disposal to non-controlling shareholders		–	(1,265)	–	–	–	–	–	–	(1,265)	368	(897)
Final 2015 dividend declared		–	–	–	–	–	–	–	(1,313,060)	(1,313,060)	–	(1,313,060)
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(13,743)	(13,743)
Transfer to special reserve		–	–	21,221	–	–	–	–	(21,221)	–	–	–
Utilisation of special reserve		–	–	(21,221)	–	–	–	–	21,221	–	–	–
Issuance of perpetual medium-term notes	22	–	–	–	–	–	–	996,547	–	996,547	–	996,547
At 30 June 2016		2,735,541	8,213,852	–	816,177	92,205	(218,635)	996,547	5,354,385	17,990,072	685,029	18,675,101

* As at 30 June 2017, these reserve accounts comprised the consolidated reserves of RMB17,850,633,000 (unaudited) in the interim condensed consolidated statement of financial position.

Interim Condensed
Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,335,947**	1,705,914
Adjustments for:			
Finance costs	6	**395,571**	305,382
Bank interest income	4	**(39,972)**	(26,228)
Share of profits of joint ventures		**(68,049)**	(58,071)
Share of profits of associates		**(14,616)**	(27,076)
Depreciation	5	**512,704**	383,459
Amortisation of prepaid land lease payments	5	**3,076**	3,217
Amortisation of other intangible assets	5	**28,995**	32,633
Gain on disposal of items of property, plant and equipment	5	**(149)**	(692)
Loss on disposal of items of property, plant and equipment	5	**633**	2,285
Gain on disposal of subsidiaries, including wind farm project companies	4	**(56,075)**	(51,527)
Gain on remeasurement of fair value of the previously held interest in a subsidiary at its disposal-date fair value in a disposal of a subsidiary	4	**(37,240)**	–
Gain on disposal of available-for-sale investments	4	**(26,840)**	(98,680)
Dividend income from available-for-sale investments	4	**(9,441)**	(52,075)
(Gain)/loss on disposal of investment in an associate	5	**(5,367)**	4,701
Gain on remeasurement of fair value of the previously held interest in an acquiree at its acquisition-date fair value in a step acquisition of a subsidiary	4	**(4,297)**	–
Interests from other investments		**(3,369)**	–
Fair value losses, net:			
Derivative financial instruments	5	**33,161**	845
Impairment of trade and other receivables	5	**132,863**	93,619
Reversal of write-down of inventories to net realisable value	5	**(19,098)**	(2,827)
Government grants and deferred revenue		**(38,619)**	(4,060)
		2,119,818	2,210,819
Increase in inventories		**(775,604)**	(873,846)
Increase in trade and bills receivables		**(143,009)**	(3,235,253)
Increase in prepayments, deposits and other receivables		**(669,359)**	(425,228)
Increase in financial receivables		**(741,578)**	(422,158)
(Decrease)/increase in trade and bills payables		**(1,887,183)**	461,906
Increase in other payables, advances from customers and accruals		**777,667**	554,662
(Decrease)/increase in provision		**(49,200)**	92,753
Increase/(decrease) in government grants and deferred revenue		**30,433**	(3,090)
Cash generated used in operations		**(1,338,015)**	(1,639,435)
Interest received		**29,001**	23,515
Income tax paid		**(242,517)**	(485,303)
Net cash flows used in operating activities		**(1,551,531)**	(2,101,223)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(2,292,358)**	(2,423,329)
Additions to other intangible assets		**(25,584)**	(117,453)
Additions to prepaid land lease payments		**(14,283)**	(5,516)
Acquisition of subsidiaries, net of cash acquired	23	**(840,764)**	(55,896)
Purchases of interests in joint ventures		**(500)**	–
Purchases of interests in associates		**(27,225)**	(12,500)
Purchases of available-for-sale investments		**(196,183)**	(659,350)
Proceeds from disposal of available-for-sale investments		**76,840**	234,722
Proceeds from disposal of interests in associates		**–**	38,475
Proceeds from disposal of items of property, plant and equipment and other intangible assets		**574**	28,774
Disposal of subsidiaries, net of cash disposed of	24	**(43,838)**	(240)
Cash and cash equivalents included in assets held for sale		**(704)**	–
Increase in pledged deposits		**–**	(158,717)
Increase in non-pledged time deposits with original maturity of three months or more when acquired		**(1,298)**	–
Decrease in advances to joint ventures entities		**5,000**	–
Interest received		**–**	2,375
Dividends received from available-for-sale investments		**8,441**	50,389
Dividends received from joint ventures and associates		**22,974**	43,877
Cash from other investments		**3,212**	30,740
Net cash flows used in investing activities		**(3,325,696)**	(3,003,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		**2,409,736**	4,025,154
Proceeds from issuance of perpetual securities, net of issuance costs		**–**	996,547
Repayment of bank loans and other borrowings		**(731,730)**	(297,630)
Increase in amounts to the non-controlling shareholders of subsidiaries		**–**	6,198
Interest paid		**(409,159)**	(320,834)
Capital contributions from non-controlling shareholders		**30,800**	5,126
Receipt of government grants		**8,515**	–
Distribution paid relating to the perpetual medium-term notes		**(50,000)**	–
Dividends paid to non-controlling shareholders		**(23,523)**	(6,600)
Payments of corporate bonds issue expense		**(4,503)**	–
Net cash flows from financing activities		**1,230,136**	4,407,961
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,647,091)**	(696,911)
Cash and cash equivalents at beginning of the period		**7,526,463**	6,141,430
Effect of foreign exchange rate changes, net		**23,749**	11,777
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18	**3,903,121**	5,456,296

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2017

1. CORPORATE AND GROUP INFORMATION

Xinjiang Goldwind Science & Technology Co., Ltd. is a joint stock company with limited liability registered in Xinjiang in the People's Republic of China (the "PRC"), which was established on 26 March 2001. The Company's shares have been listed on The Shenzhen Stock Exchange from 26 December 2007 and 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.

The Group is involved in the following principal activities:

- Manufacture and sale of wind turbine generators and wind power components;
- Provision of wind power related consultancy, wind farm construction and maintenance services;
- 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; and
- Development and operation of water treatment plants and finance lease services.

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

2. BASIS OF PREPARATION AND CHANGES IN THE ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* ("IASs 34") issued by the International Accounting Standards Board ("IASB") and compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "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 2016.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale investments, derivative financial instruments and equity investments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

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

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of revised International Financial Reporting Standards ("IFRSs") effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of the amendments are described below:

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendment retrospectively. However, the application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IFRS 12 included in *Annual Improvements Cycle – 2014-2016 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10 to B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendment is not expected to have any significant impact on the Group's interim condensed consolidated financial statements.

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.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
IFRS 17	*Insurance Contracts*[3]
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and Amendments to IAS 28[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

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 and maintenance 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 are comprised of direct finance leasing and sale-lease back.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax.

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

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 2017 and 2016:

For the six months ended 30 June 2017

	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
Segment revenue:						
Sales to external customers	7,264,258	709,831	1,657,481	148,198	–	9,779,768
Intersegment sales	786,224	135,975	–	2,981	(925,180)	–
Total revenue	8,050,482	845,806	1,657,481	151,179	(925,180)	9,779,768
Segment results:	466,753	53,771	1,094,581	122,901	(46,460)	1,691,546
Interest income	124,249	4,609	48,466	25,183	(162,535)	39,972
Finance costs	(56,434)	–	(450,774)	(12,831)	124,468	(395,571)
Profit before tax	534,568	58,380	692,273	135,253	(84,527)	1,335,947
Other segment information:						
Share of profits and losses of:						
Joint ventures	–	–	69,778	(1,729)	–	68,049
Associates	2	(845)	6,704	8,755	–	14,616
Depreciation and amortisation	85,656	4,774	535,872	7,599	(89,126)	544,775
Reversal of write-down of inventories	(19,098)	–	–	–	–	(19,098)
Impairment of trade and other receivables	123,389	9,374	100	–	–	132,863
Product warranty provision	329,974	–	–	–	(5,190)	324,784
Capital expenditure[1]	196,168	22,132	2,560,319	2,707	(208,215)	2,573,111

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2016

	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
Segment revenue:						
Sales to external customers	9,134,944	445,494	1,138,642	120,508	–	10,839,588
Intersegment sales	1,112,687	140,979	–	2,984	(1,256,650)	–
Total revenue	10,247,631	586,473	1,138,642	123,492	(1,256,650)	10,839,588
Segment results:	1,155,377	16,288	694,099	268,946	(149,642)	1,985,068
Interest income	150,694	83	69,851	6,571	(200,971)	26,228
Finance costs	(108,000)	–	(327,180)	(3,536)	133,334	(305,382)
Profit before tax	1,198,071	16,371	436,770	271,981	(217,279)	1,705,914
Other segment information:						
Share of profits and losses of:						
Joint ventures	–	–	58,071	–	–	58,071
Associates	2,523	(1,141)	5,695	19,999	–	27,076
Depreciation and amortisation	89,447	3,756	355,940	5,403	(35,237)	419,309
Reversal of write-down of inventories	(2,827)	–	–	–	–	(2,827)
Impairment of trade and other receivables	96,831	6,185	5,475	208	–	108,699
Reversal of impairment of trade and other receivables	(14,911)	–	–	(169)	–	(15,080)
Product warranty provision	473,820	–	–	–	(52,015)	421,805
Capital expenditure[1]	150,797	5,765	2,283,154	145,629	(266,741)	2,318,604

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

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2017 and 31 December 2016:

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment assets						
30 June 2017 (Unaudited)	**47,106,766**	**2,330,157**	**34,074,393**	**6,357,631**	**(24,915,008)**	**64,953,939**
31 December 2016 (Audited)	48,080,216	2,704,230	31,715,355	5,712,495	(23,775,129)	64,437,167
Segment liabilities						
30 June 2017 (Unaudited)	**26,898,072**	**923,600**	**24,124,064**	**3,140,618**	**(11,448,250)**	**43,638,104**
31 December 2016 (Audited)	27,742,645	1,366,314	22,338,464	2,683,221	(10,392,271)	43,738,373
Investments in joint ventures						
30 June 2017 (Unaudited)	**1,403**	**–**	**767,021**	**388,577**	**(123,742)**	**1,033,259**
31 December 2016 (Audited)	852	–	599,498	337,524	(123,744)	814,130
Investments in associates						
30 June 2017 (Unaudited)	**49,332**	**7,381**	**270,146**	**183,594**	**(42,374)**	**468,079**
31 December 2016 (Audited)	82,480	9,428	280,874	179,804	(58,754)	493,832

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Mainland China	**8,716,771**	10,186,494
Overseas	**1,062,997**	653,094
	9,779,768	10,839,588

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

(b) Non-current assets

	As at	As at
	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Mainland China	**22,426,803**	21,836,370
United States of America	**530,671**	531,583
Germany	**539,111**	451,801
Panama	**622,501**	741,942
Australia	**969,566**	284,384
Others	**366,427**	17,190
	25,455,079	23,863,270

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 2017, revenues of RMB1,392,665,000 and RMB1,304,259,000 (six months ended 30 June 2016: RMB1,391,612,000 and RMB1,308,146,000) were derived from sales by the wind turbine generator manufacturing and sale segment to two customers, which individually accounted for over 10% of the Group's total revenue, including sales to a group of entities which are known to be under common control with those customers.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts; and the value of services rendered; and gross rental income received and receivable from investment properties during the six months ended 30 June 2017 and 2016.

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Sale of wind turbine generators and wind power components	**7,264,258**	9,134,944
Wind power services	**709,831**	445,494
Wind farm generation	**1,657,481**	1,138,642
Others	**148,198**	120,508
	9,779,768	10,839,588
Other income and gains		
Bank interest income	**39,972**	26,228
Dividend income from available-for-sale investments	**9,441**	52,075
Gross rental income	**4,859**	3,767
Government grants and deferred revenue	**58,401**	18,463
Value-added tax refund	**36,938**	29,022
Insurance compensation on product warranty expenditures	**61,613**	80,764
Gain on disposal of investment in an associate	**5,367**	–
Gain on disposal of subsidiaries, including wind farm project companies	**56,075**	51,527
Gain on remeasurement of fair value of the previously held interest in a subsidiary at its disposal-date fair value in a disposal of a subsidiary	**37,240**	–
Gain on disposal of available-for-sale investments	**26,840**	98,680
Gain on disposal of items of property, plant and equipment	**149**	692
Gain on remeasurement of fair value of the previously held interest in an acquiree at its acquisition-date fair value in a step acquisition of a subsidiary	**4,297**	–
Gain on bargain purchase	**–**	344
Gain on foreign exchange differences	**5,475**	–
Others	**23,905**	23,319
	370,572	384,881

5. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Cost of inventories sold		**5,486,348**	6,747,268
Cost of services provided		**538,995**	357,319
Cost of wind power generation		**565,620**	402,901
Cost of others		**52,287**	11,258
		6,643,250	7,518,746
Depreciation provided for:			
Property, plant and equipment	10	**511,256**	382,011
Investment properties		**1,448**	1,448
		512,704	383,459
Amortisation of prepaid land lease payments		**3,076**	3,217
Amortisation of other intangible assets		**28,995**	32,633
		32,071	35,850
Impairment of trade receivables	13	**203,032**	108,699
Reversal of impairment of trade receivables	13	**(70,269)**	(7,044)
		132,763	101,655
Impairment of other receivables	15	**100**	–
Reversal of impairment of other receivables	15	**–**	(8,036)
		100	(8,036)
Impairment of write-down of inventories		**5,526**	–
Reversal of write-down inventories		**(24,624)**	(2,827)
		(19,098)	(2,827)

5. PROFIT BEFORE TAX (continued)

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Gain on disposal of items of property, plant and equipment		**(149)**	(692)
Loss on disposal of items of property, plant and equipment		**633**	2,285
		484	1,593
Lease expenses under operating leases of land and buildings		**6,928**	11,199
Auditors' remuneration		**1,651**	1,651
Employee benefit expenses (including directors', supervisors' and the chief executive's remuneration):			
Wages and salaries		**567,527**	631,161
Pension scheme contributions (defined contribution scheme)		**50,489**	59,377
Welfare and other expenses		**105,175**	101,708
		723,191	792,246
Research and development costs:			
Staff costs		**203,177**	151,626
Amortisation and depreciation		**36,965**	27,591
Materials expenditure and others		**158,735**	110,285
		398,877	289,502
Government grants and deferred revenue		**(58,401)**	(18,463)
Value-added tax refund		**(36,938)**	(29,022)
Product warranty provision:			
Additional provision		**417,041**	441,686
Reversals of unutilised provision		**(92,257)**	(19,881)
		324,784	421,805

5. PROFIT BEFORE TAX (continued)

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Insurance compensation on product warranty expenditures		**(61,613)**	(80,764)
Foreign exchange differences, net		**(5,475)**	28,463
Fair value losses, net:			
Derivative financial instruments			
– transactions not qualifying as hedges		**33,161**	845
Dividend income from available-for-sale investments		**(9,441)**	(52,075)
Bank interest income		**(39,972)**	(26,228)
Gain on disposal of subsidiaries, including wind farm project companies		**(56,075)**	(51,527)
Gain on remeasurement of fair value of the previously held interest in a subsidiary at its disposal-date fair value in a disposal of a subsidiary		**(37,240)**	–
Gain on disposal of available-for-sale investments		**(26,840)**	(98,680)
Gain on remeasurement of fair value of the previously held interest in an acquiree at its acquisition-date fair value in a step acquisition of a subsidiary		**(4,297)**	–
Gain on bargain purchase		**–**	(344)
(Gain)/loss on disposal of investment in an associate		**(5,367)**	4,701

6. FINANCE COSTS

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans and other borrowings	**400,118**	318,392
Less: Interest capitalised	**(4,547)**	(13,010)
	395,571	305,382

7. INCOME TAX EXPENSE

The Company and four subsidiaries of the Company have been identified as "high and new technology enterprise" and are entitled to a preferential income tax at a rate of 15% for the six months ended 30 June 2017 and 2016 in accordance with the PRC Corporate Income Tax Law.

The certain subsidiaries of the Company in Mainland China, which were set up after 1 January 2008 and are engaged in public infrastructure projects and urban water treatment projects, are each entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from their respective first year generating operating income.

The certain subsidiaries of the Company in Mainland China were taxed at a preferential rate of 15% primarily due to their status as entities engaging in development projects supported by the government in the western region of the PRC.

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

The certain subsidiaries of the Company in Overseas are subject to corporate income tax at a rate vary from 15% to 35%. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. INCOME TAX EXPENSE (continued)

Hong Kong profits tax has been provided at the rate of 16.5% (six month ended 30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current		
– Hong Kong	**572**	14,176
– Mainland China	**134,511**	247,313
– Elsewhere	**38,546**	9,798
	173,629	271,287
Deferred (note 12)	**(25,136)**	(71,900)
Tax charge for the period	**148,493**	199,387

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before tax	**1,335,947**	1,705,914
Tax at the statutory tax rate of 25%	**333,987**	426,479
Effect of different income tax rates for overseas entities	**4,870**	(6,031)
Effect of the preferential income tax rates for domestic entities	**(187,999)**	(183,709)
Tax losses not recognised	**19,603**	10,457
Tax losses utilised from previous periods	**(7,589)**	(12,996)
Effect of not recognised deferred tax assets due to asset impairment	**14**	68
Income not subject to tax	**(3,262)**	(13,019)
Expenses not deductible for tax	**1,611**	1,215
Profits and losses attributable to joint ventures	**(17,012)**	(14,518)
Profits and losses attributable to associates	**(3,654)**	(6,769)
Others	**7,924**	(1,790)
Tax charge for the period at the effective rate	**148,493**	199,387

8. DIVIDENDS

The proposed final stock dividends 3 shares (tax included) and cash dividends of RMB2.00 (tax included) per each 10 shares, which amounted to RMB547,108,000 of cash dividends for the year ended 31 December 2016, were approved by the Company's shareholders on 28 June 2017.

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

On 24 August 2017, the Company has paid 3 shares of stock dividends to all ordinary equity holders per each 10 shares on the basis of the ordinary shares of 2,735,541,000 at the end of 2016. The dividend distribution of the above shares happened after the balance sheet date but before the approval of the financial statements, and the earnings per share shall be retrospective adjusted for all such events that happen in the reporting period. The adjusted number of ordinary shares was 3,556,203,300 shares. Basic earnings per share for the same period last year should be calculated based on the adjusted ordinary shares. The calculation of the basic earnings per share amount for the period is based on the number of the adjusted ordinary shares of 3,556,203,300 (six months ended 30 June 2016: 3,556,203,300) during the period.

For those financial instruments classified as equity, if the distributions are cumulative, the undeclared amounts of the cumulative distributions were deducted in arriving at earnings for the purposes of the basic earnings per share calculation. On the other hand, if the distributions are non-cumulative, only the amount of dividends declared in respect of the year should be deducted in arriving at the profit attributable to ordinary equity holders.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2017 and 2016.

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

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	**1,132,919**	1,450,116
Less: Distribution relating to the perpetual medium-term notes (i)	**(35,208)**	–
Profit used to determine basic earnings per share	**1,097,711**	1,450,116
Weighted average number of ordinary shares in issue	**3,556,203**	3,556,203
Basic earnings per shares (expressed in RMB per share)	**0.31**	0.41

(i) The long-term option-embedded medium-term notes (the "Perpetual Medium-term Notes") issued by the Company in May 2016 and September 2016 were classified as other equity instruments with deferrable cumulative interest distributions and payments. The Perpetual Medium-term Notes interests which have been generated but not yet declared, from 1 January 2017 to 30 June 2017, were deducted from earnings when calculating the earnings per share for the six months ended 30 June 2017.

10. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June 2017					
	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 2017	895,748	17,667,432	126,664	499,378	2,411,717	21,600,939
Additions	197	55,820	7,687	49,693	1,180,555	1,293,952
Disposals	(1,479)	(6,826)	(5,074)	(11,026)	–	(24,405)
Acquisition of subsidiaries (note 23)	–	5,901	–	34	297,201	303,136
Disposal of subsidiaries (note 24)	–	(555,641)	(821)	(3,545)	(4,477)	(564,484)
Transfers	–	1,430,501	–	–	(1,430,501)	–
Transfer to prepaid land lease payments	–	–	–	–	(7,514)	(7,514)
Exchange realignment	4,948	(20,409)	644	2,929	(2,404)	(14,292)
At 30 June 2017	899,414	18,576,778	129,100	537,463	2,444,577	22,587,332
Accumulated depreciation and impairment:						
At 1 January 2017	(145,091)	(1,686,485)	(41,954)	(222,133)	(26,585)	(2,122,248)
Depreciation provided during the year (note 5)	(13,526)	(450,771)	(6,866)	(40,093)	–	(511,256)
Disposals	324	4,883	3,433	8,077	–	16,717
Disposal of subsidiaries (note 24)	–	100,352	164	2,832	–	103,348
Exchange realignment	(952)	480	(253)	(1,389)	–	(2,114)
At 30 June 2017	(159,245)	(2,031,541)	(45,476)	(252,706)	(26,585)	(2,515,553)
Net carrying amount:						
At 30 June 2017	740,169	16,545,237	83,624	284,757	2,417,992	20,071,779
At 1 January 2017	750,657	15,980,947	84,710	277,245	2,385,132	19,478,691

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Year ended 31 December 2016					
	Buildings (Audited) RMB'000	Machinery (Audited) RMB'000	Vehicles (Audited) RMB'000	Electronic equipment and others (Audited) RMB'000	Construction in progress (Audited) RMB'000	Total (Audited) RMB'000
Cost:						
At 1 January 2016	839,452	9,509,701	92,019	361,222	7,502,255	18,304,649
Additions	16,432	50,503	40,960	127,728	4,803,394	5,039,017
Disposals	(3,191)	(7,355)	(5,992)	(12,377)	–	(28,915)
Acquisition of subsidiaries	–	–	–	2,677	1,230	3,907
Disposal of subsidiaries	–	(80)	(293)	–	(164,186)	(164,559)
Transfers	40,979	8,919,397	–	18,829	(8,979,205)	–
Transfer to prepaid land lease payments	–	–	–	–	(95,856)	(95,856)
Disposal groups classified as held for sale	–	(878,382)	(653)	(535)	(655,915)	(1,535,485)
Exchange realignment	2,076	73,648	623	1,834	–	78,181
At 31 December 2016	895,748	17,667,432	126,664	499,378	2,411,717	21,600,939
Accumulated depreciation and impairment:						
At 1 January 2016	(119,064)	(939,192)	(34,243)	(170,453)	(26,585)	(1,289,537)
Depreciation provided during the year	(25,804)	(764,592)	(10,455)	(57,619)	–	(858,470)
Disposals	170	6,486	2,969	6,699	–	16,324
Acquisition of subsidiaries	–	–	–	(109)	–	(109)
Disposal of subsidiaries	–	9	45	–	–	54
Disposal groups classified as held for sale	–	22,331	93	69	–	22,493
Exchange realignment	(393)	(11,527)	(363)	(720)	–	(13,003)
At 31 December 2016	(145,091)	(1,686,485)	(41,954)	(222,133)	(26,585)	(2,122,248)
Net carrying amount:						
At 31 December 2016	750,657	15,980,947	84,710	277,245	2,385,132	19,478,691
At 1 January 2016	720,388	8,570,509	57,776	190,769	7,475,670	17,015,112

11. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Listed equity investment, at fair value	479,700	502,059
Unlisted equity investments, at cost	724,587	689,266
Other financial assets	860,000	750,000
	2,064,287	1,941,325
Portion classified as non-current assets	(1,204,287)	(1,191,325)
Current portion	860,000	750,000

12. DEFERRED TAX

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

For the six months ended 30 June 2017

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 2017	166,258	33,492	692,349	11,246	584,553	29,493	1,517,391
Deferred tax charged/(credited) to profit or loss during the period (note 7)	12,250	47,627	(37,034)	(2,309)	4,811	1,939	27,284
At 30 June 2017	178,508	81,119	655,315	8,937	589,364	31,432	1,544,675

12. DEFERRED TAX (continued)

Deferred tax liabilities

	Excess of fair values of identifiable assets over carrying values arising from acquisition of subsidiaries (Unaudited) RMB'000	Dividend withholding tax (Unaudited) RMB'000	Depreciation of assets (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2017	57,309	21,108	14,569	7,880	100,866
Deferred tax (credited)/charged to profit or loss during the period (note 7)	(955)	3,438	536	(871)	2,148
Deferred tax generated from acquisition of subsidiaries (note 23)	138,570	–	–	–	138,570
Exchange realignment	170	–	–	–	170
At 30 June 2017	195,094	24,546	15,105	7,009	241,754

For the year ended 31 December 2016

Deferred tax assets

	Provision for impairment of assets (Audited) RMB'000	Tax losses (Audited) RMB'000	Provisions and accruals (Audited) RMB'000	Government grants received not yet recognised as income (Audited) RMB'000	Unrealised gains arising from intra-group sales (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
At 1 January 2016	140,502	48,064	611,688	8,660	495,558	33,964	1,338,436
Deferred tax charged/(credited) to profit or loss during the year	25,756	(14,572)	80,661	2,586	88,995	(4,658)	178,768
Deferred tax generated from acquisition of subsidiaries	–	–	–	–	–	187	187
At 31 December 2016	166,258	33,492	692,349	11,246	584,553	29,493	1,517,391

12. DEFERRED TAX (continued)

Deferred tax liabilities

	Excess of fair values of identifiable assets and liabilities over carrying values arising from acquisition of subsidiaries (Audited) RMB'000	Dividend withholding tax (Audited) RMB'000	Depreciation of assets (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
At 1 January 2016	38,341	12,187	837	6,724	58,089
Deferred tax (credited)/charged to profit or loss during the year	(2,600)	8,921	13,732	1,156	21,209
Deferred tax generated from acquisition of subsidiaries	24,461	–	–	–	24,461
Exchange realignment	(2,893)	–	–	–	(2,893)
At 31 December 2016	57,309	21,108	14,569	7,880	100,866

13. TRADE AND BILLS RECEIVABLES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Trade receivables	**15,212,257**	13,613,120
Bills receivable	**1,573,693**	2,198,844
Retention money receivables	**3,721,112**	3,599,536
Provision for impairment	**(936,250)**	(808,014)
	19,570,812	18,603,486
Portion classified as non-current assets (i)	**(1,878,899)**	(1,857,030)
Current portion	**17,691,913**	16,746,456

The Group normally allows a credit period of not more than three months to its customers. For retention money receivables, the due dates usually range from two to five years after the completion of commissioning for wind turbines. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

(i) The non-current portion of trade receivables mainly represented the amount of receivables for retentions held by customers at 30 June 2017 and 31 December 2016.

13. TRADE AND BILLS RECEIVABLES (continued)

An ageing analysis of trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Within 3 months	**6,113,338**	6,200,020
3 to 6 months	**2,628,089**	1,966,881
6 months to 1 year	**3,569,500**	2,747,218
1 to 2 years	**3,889,348**	4,674,265
2 to 3 years	**2,169,135**	1,500,497
Over 3 years	**1,201,402**	1,514,605
	19,570,812	18,603,486

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

	For the six months ended 30 June 2017 (Unaudited) RMB'000	For the year ended 31 December 2016 (Audited) RMB'000
At beginning of the period/year	**808,014**	605,386
Impairment losses recognised (note 5)	**203,032**	353,094
Impairment losses reversed (note 5)	**(70,269)**	(140,977)
Amounts written off as uncollectible	**(4,500)**	(11,700)
Exchange realignment	**(27)**	2,211
At end of the period/year	**936,250**	808,014

13. TRADE AND BILLS RECEIVABLES (continued)

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB170,087,000 (31 December 2016: RMB186,381,000) with a carrying amount before provision of RMB261,891,000 (31 December 2016: RMB273,019,000).

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

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Neither past due nor impaired	**10,790,343**	8,810,463
Less than 6 months past due	**3,223,805**	4,413,572
	14,014,148	13,224,035

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.

13. TRADE AND BILLS RECEIVABLES (continued)

The amount due from Xinjiang Wind Power Company Limited ("Xinjiang Wind Power")(新疆風能有限責任公司), a shareholder holding a 13.74% interest in the Company, and the amounts due from the Group's joint ventures and associates included in the Group's trade and bills receivables are as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
A shareholder holding a 13.74% interest in the Company	**504**	504
Joint ventures	**18,346**	36,130
Associates	**318,026**	284,040
	336,876	320,674

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

14. FINANCIAL RECEIVABLES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Receivables for service concession agreements	**986,640**	878,041
Receivables for finance lease services	**2,542,632**	1,909,653
	3,529,272	2,787,694
Portion classified as non-current assets	**(3,158,623)**	(2,451,312)
Current portion	**370,649**	336,382

Receivables for service concession agreements arose from service concession contracts to build and operate water treatment plants and were recognised to the extent that the Group has an unconditional right to receive cash from or at the direction of the designees.

14. FINANCIAL RECEIVABLES (continued)

Receivables for finance lease services arose from finance lease contracts to lease equipment to clients and were recognised to the extent that the Group has the right to collect rental income from clients.

Financial receivables were unbilled receivables, and were neither past due nor impaired. Financial receivables were mainly due from governmental authorities in Mainland China or several clients which have good credit records. 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 Group does not hold any collateral or other credit enhancements over these balances.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Advances to suppliers	**919,833**	677,776
Prepayments	**104,499**	196,593
Deductible VAT	**1,807,336**	1,749,497
Deposits and other receivables	**1,285,912**	955,250
Provision for impairment of deposits and other receivables	**(6,707)**	(6,696)
	4,110,873	3,572,420
Portion classified as non-current assets (i)	**(1,773,013)**	(1,594,871)
Current portion	**2,337,860**	1,977,549

(i) The non-current portion of deposits and other receivables mainly represented advances to suppliers and non-current deductible input value-added tax at 30 June 2017 and 31 December 2016.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Movements in the provision for impairment of other receivables are as follows:

	For the six months ended 30 June 2017 (Unaudited) RMB'000	For the year ended 31 December 2016 (Audited) RMB'000
At beginning of the period/year	**6,696**	21,422
Impairment losses recognised (note 5)	**100**	5,920
Impairment losses reversed (note 5)	**–**	(15,651)
Amounts written off as uncollectible	**(100)**	(5,000)
Exchange realignment	**11**	5
At end of the period/year	**6,707**	6,696

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 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Joint ventures	**4,104**	23,819
Associates	**4,736**	24,481
	8,840	48,300

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

16. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Assets		
Interest rate swap, current portion	**31**	–
Forward currency contracts, current portion	**–**	25,937
Interest rate swap, non-current portion	**–**	1,986
Liabilities		
Forward currency contracts, current portion	**4,324**	–

17. INVENTORIES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Raw materials	**1,429,956**	1,130,342
Work in progress, finished and semi-finished goods	**2,521,701**	2,058,015
Low-value consumables and others	**33,620**	3,923
	3,985,277	3,192,280

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Cash and bank balances	3,355,729	5,848,561
Time deposits	879,979	2,702,424
	4,235,708	8,550,985
Less: Pledged time deposits:		
– Bank loans	(3,770)	(136,915)
– Letters of credit	(7,510)	(12,102)
– Guarantee issued	(2,852)	(590,148)
– Provision for risk	(277,405)	(276,618)
– Others	(32,044)	(1,031)
	(323,581)	(1,016,814)
Cash and cash equivalents in the interim condensed consolidated statement of financial position	3,912,127	7,534,171
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(9,006)	(7,708)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	3,903,121	7,526,463
Pledged deposits	323,581	1,016,814
Portion classified as non-current assets	(277,405)	(276,618)
Current portion	46,176	740,196
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	3,091,554	6,271,906
– United States dollar	526,121	1,766,550
– Euro	367,390	313,817
– Hong Kong dollar	22,939	48,465
– Australian dollar	203,193	136,453
– Other currencies	24,511	13,794
	4,235,708	8,550,985

19. TRADE AND BILLS PAYABLES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Trade payables	**9,494,737**	10,348,261
Bills payable	**3,958,952**	4,879,121
	13,453,689	15,227,382
Portion classified as non-current liabilities (i)	**(808,665)**	(754,661)
Current portion	**12,645,024**	14,472,721

(i) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 30 June 2017 and 31 December 2016.

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

19. TRADE AND BILLS PAYABLES (continued)

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Within 3 months	**7,203,883**	10,382,690
3 to 6 months	**3,388,011**	2,351,574
6 months to 1 year	**1,011,902**	799,971
1 to 2 years	**1,015,936**	913,097
2 to 3 years	**410,269**	370,553
Over 3 years	**423,688**	409,497
	13,453,689	15,227,382

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Associates	**222,351**	1,191,540

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

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.

20. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Advances from customers	**3,687,305**	3,225,053
Accrued salaries, wages and benefits	**346,535**	667,335
Other taxes payable	**261,645**	367,296
Others	**1,361,843**	876,173
	5,657,328	5,135,857
Portion classified as non-current liabilities (i)	**(80,523)**	(109,638)
Current portion	**5,576,805**	5,026,219

(i) The non-current portion of other payables mainly represented guarantee amounts held by the Group as at 30 June 2017 and 31 December 2016.

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Joint ventures	**2,852**	2,927
Associates	**11,874**	5,360
	14,726	8,287

The above balances are unsecured, non-interest-bearing and have no fixed terms of settlement.

21. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	As at 30 June 2017 (Unaudited)			As at 31 December 2016 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short-term bank loans:						
– Unsecured	2.65 – 1 month Libor+1.5	2018	1,741,237	2.65-3.70	2017	1,565,000
– Secured	4.20-4.65	2018	221,828	4.20-4.65	2017	238,654
Current portion of long-term bank loans:						
– Unsecured	1.20 – 6 months Libor+3.5	2018	73,595	1.20-4.90	2017	23,162
– Secured	3.25-5.15	2018	1,058,370	1.68-6.15	2017	662,016
Corporate bonds:						
– Unsecured	4.98	2018	498,338	–	–	–
– Secured	3.40-3.60	2018	230,263	3.40	2017	183,237
			3,823,631			2,672,069
Non-current						
Long-term bank loans:						
– Unsecured	1.20 – 6 months libor+3.5	2018-2026	528,255	1.20-4.90	2018-2026	543,427
– Secured	1.68-5.15	2018-2035	11,496,110	1.68-6.15	2018-2035	11,323,118
Corporate bonds:						
– Unsecured	2.50	2018	2,000,156	2.50-4.98	2018	2,530,536
– Secured	3.60-4.50	2018-2021	913,932	3.60-4.50	2018-2021	1,021,957
			14,938,453			15,419,038
			18,762,084			18,091,107
Interest-bearing bank and other borrowings are denominated in:						
– RMB			16,119,058			15,015,587
– Euro			84,660			83,733
– United States dollar			2,558,366			2,991,787
			18,762,084			18,091,107

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

The maturity profile of the interest-bearing bank and other borrowings as at 30 June 2017 and 31 December 2016 is as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	3,095,030	2,488,832
In the second year	944,449	1,737,118
In the third to fifth years, inclusive	3,770,066	3,330,554
Above five years	7,309,850	6,798,874
	15,119,395	14,355,378
Corporate bonds repayable:		
Within one year	728,601	183,237
In the second year	2,243,709	2,742,494
In the third to fifth years, inclusive	670,379	809,998
	3,642,689	3,735,729
	18,762,084	18,091,107

22. OTHER EQUITY INSTRUMENTS

In May 2016, the Company received an approval from National Association of Financial Market Institutional Investors ("中國銀行間交易商協會") to issue the Perpetual Medium-term Notes of RMB3 billion, which shall be effective for two years commencing from the date of the approval. In May 2016 and September 2016, the Company issued the first portion and the second portion of the Perpetual Medium-term Notes in an aggregate amount of RMB1 billion at the initial distribution rate of 5% and an aggregate amount of RMB500 million at the initial distribution rate of 4.2%, respectively. The proceeds from issuance of the Perpetual Medium-term Notes after the issuance costs were RMB996,547,000 and RMB498,571,000, respectively. The issue price for each of the Perpetual Medium-term Notes is RMB100.

Pursuant to the terms of the Perpetual Medium-term Notes, the Company has no contractual obligation to repay their principal or to pay any coupon distribution. The Perpetual Medium-term Notes are classified as equity and subsequent distribution declared will be treated as distribution to equity owners.

23. BUSINESS COMBINATIONS

For the six months ended 30 June 2017, the following entities were acquired from third parties for the purpose of expanding business. Acquisitions of equity interests in these entities have been accounted for using the acquisition method of accounting effective from the dates when the entities were controlled by the Group. Details are as follows:

Company name	Acquisition date	Percentage of equity interests acquired	Cash consideration
Janshan Green Energy Co., Ltd	January 2017	80%	KRW480,000,000
Yass Valley Wind Farm Pty Ltd	February 2017	100%	AUD7,700,000
Si Chuan Haixinneng Electric Power Design Co. Ltd	March 2017	100%	RMB9,075,000
PARQUE EóLICO LOMA BLANCA S.A	May 2017	100%	USD33,000,000
Stockyard Hill Wind Farm Pty Ltd	June 2017	100%	AUD110,000,000

On 31 May 2017, the Group entered into a share purchase agreement with a third party to acquire an additional 25% equity interests in Best Blades GmbH, a joint venture of the Group, at a cash consolidation of EUR2,000,000. The articles of association of Best Blades GmbH were revised accordingly upon the completion of the acquisition, and the Group has total 75% equity interests in Best Blades GmbH and has the power to govern the relevant activities of Best Blades GmbH. Therefore, On 31 May 2017, Best Blades GmbH was accounted for as a subsidiary of the Group. The Group recognised a gain of RMB4,297,000 in profit or loss as a result of remeasuring its original interest in Best Blades GmbH of RMB14,691,000 at the date of obtaining control to its acquisition-date fair value of RMB18,988,000.

23. BUSINESS COMBINATIONS (continued)

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

	Notes	Fair value recognised on acquisition (Unaudited) RMB'000
Property, plant and equipment	10	303,136
Other intangible assets		729,093
Inventories		1,644
Trade receivables		79
Prepayments, deposits and other receivables		5,719
Cash and cash equivalents		1,615
Trade payables		(605)
Other payables, advance from customer and accruals		(17,724)
Interest-bearing bank loans		(2,477)
Deferred tax liabilities	12	(138,570)
Total identifiable net assets at fair value		881,910
Non-controlling interests		(9,831)
		872,079
Goodwill on acquisition		11,437
Investment in a joint venture before the step acquisition of subsidiary		(14,691)
Gain on remeasurement of the previously held interest in an acquiree at its acquisition-date fair value in a step acquisition of a subsidiary	4	(4,297)
Total consideration		864,528
Satisfied by cash		864,528

The initial accounting for certain a business combination is incomplete by the end of the reporting period. The provisional amounts for the items are reported as above. During the measurement period, the Group will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

23. BUSINESS COMBINATIONS (continued)

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

	(Unaudited) RMB'000
Cash consideration	(864,528)
Other payable due to certain equity sellers	31,699
Cash and cash equivalents paid	(832,829)
Cash and cash equivalents paid for prior year transactions	(9,550)
Cash and cash equivalents acquired	1,615
Net outflow of cash and cash equivalents included in cash flows from investing activities	(840,764)

Since the acquisitions, the acquired companies didn't generate any revenue and only contributed RMB1,154,000 to the consolidated loss for the six months ended 30 June 2017.

Had the acquisitions taken place at the beginning of the period, the revenue of the Group and the profit after tax of the Group for the six months ended 30 June 2017 would have been RMB9,779,805,000 and RMB1,185,291,000, respectively.

24. DISPOSAL OF SUBSIDIARIES

On 31 January 2017, the Group lost control of the Inner Mongolia Jieyuan Wind Energy Electricity Co., Ltd., by the capital injection from the non-controlling shareholder with an amount of RMB5,000,000 in this entity, according to the articles of association. After the capital injection, the Group's equity interests decreased to 51%.

On 30 April 2017, the Group disposed of its 100% equity interests in Leishan Tianlei Wind Power Co., Ltd to a third party for a cash consideration of RMB7,000,000.

24. DISPOSAL OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the six months ended 30 June 2017 were as follows:

	Notes	(Unaudited) RMB'000
Net assets disposed of:		
Property, plant and equipment	10	461,136
Prepaid land lease payments		5,021
Trade and bills receivables		61,736
Prepayments, deposits and other receivables		22,785
Cash and cash equivalents		51,738
Trade payables		(39,884)
Other payables and accruals		(4,604)
Interest-bearing bank loans		(462,600)
		95,328
Non-controlling interests		(68,671)
Net assets belong to the parent company		26,657
Investment in a joint venture		(112,972)
Gain on disposal of subsidiaries	5	56,075
Gain on remeasurement of fair value of the previously held interest in a subsidiary at its disposal-date fair value in a disposal of a subsidiary	5	37,240
Total consideration		7,000
Satisfied by cash		7,000

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

	(Unaudited) RMB'000
Cash consideration	7,000
Cash and cash equivalents received for prior year transactions	900
Cash and cash equivalents disposed of	(51,738)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(43,838)

25. CONTINGENT LIABILITIES

As at 30 June 2017 and 31 December 2016, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Letters of credit issued	**151,330**	199,438
Letters of guarantee issued	**11,971,609**	11,320,064
Guarantees given to a bank in connection with a bank loan granted to:		
An associate	**56,658**	30,094
A third party	**306,109**	299,579
Compensation arrangement in connection with the bank loans of the Group's customers (i)	**312,300**	332,282
	12,798,006	12,181,457

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

(i) Pursuant to the agreement entered into between the Company and a bank ("Bank"), a risk compensation arrangement in connection with the loans of the Group's overseas customers, i.e., the wind farm project companies, was made as follows: (1) the Company deposited with the Bank the 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 in the designated account. If the wind farm project companies subsequently repay 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 for two consecutive interest periods, the Company shall repay all the outstanding borrowings to the Bank on behalf of the wind farm project companies, and then the Bank will transfer its receivables due from the wind farm project companies to the Company.

Up to 30 June 2017, the above risk compensation arrangement covering for bank loans of one overseas wind farm project company amounted to RMB312,300,000.

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

25. CONTINGENT LIABILITIES (continued)

In 2015, Beijing Tianrun entered into an agreement with the creditor bank, Chifeng Jinneng New Energy Investment Co., Ltd. and Chifeng Xinneng. According to the agreement, when Chifeng Xinneng fails to repay the bank loans on schedule, Beijing Tianrun shall repurchase the entire share interests in Chifeng Xinneng, and the consideration equals a certain percentage of the net assets of Chifeng Xinneng at that time. Up to 30 June 2017, Chifeng Xinneng operated well, and the risk exposure from the above repurchase clause was insignificant.

26. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

As at 30 June 2017 and 31 December 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Within one year	**704**	1,809

(b) As lessee

As at 30 June 2017 and 31 December 2016, 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 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Within one year	**14,406**	17,455
In the second to fifth years, inclusive	**9,784**	6,620
After five years	**187**	421
	24,377	24,496

27. COMMITMENTS

In addition to the operating lease commitments detailed in note 26(b) above, the Group had the following capital commitments as at the end of the reporting period:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Contracted, but not provided for		
Property, plant and equipment and land use rights	**2,110,160**	2,167,479

28. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Continuing transactions		
A shareholder holding a 13.74% interest in the Company:		
Sales of spare parts	**315**	–
Associates:		
Sales of wind turbine generators and spare parts	**353,476**	1,819
Purchases of spare parts	**716,895**	1,012,577
Purchases of processing services	**69,700**	76,326
Provision of technical services	**383,758**	44,276
Others	**36**	–
	1,523,865	1,134,998
Joint ventures:		
Sales of wind turbine generators and spare parts	**194**	574
Provision of technical services	**566**	1,887
	760	2,461

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.

28. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amount of total transactions with related parties for the period is included in note 28(a) to the interim condensed consolidated financial statements. The Group expects the total transactions with related parties as follows:

	The second half of 2017 (Unaudited) RMB'000
Continuing transactions	
Associates:	
Purchases of spare parts	174,967
Others	4,800
	179,767

(c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 13, 15, 19 and 20 to these interim condensed consolidated financial statements.

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Short term employee benefits	6,137	6,126
Pension scheme contributions	214	256
Total compensation paid to key management personnel	6,351	6,382

29. 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 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Financial assets		
Financial assets at fair value through profit or loss:		
Held-for-trading:		
Derivative financial instruments	**31**	27,923
Held-to-maturity investments	**49,980**	49,995
Loans and receivables:		
Trade and bills receivables	**19,570,812**	18,603,486
Financial receivables	**3,529,272**	2,787,694
Financial assets included in prepayments, deposits and other receivables	**1,279,205**	948,554
Pledged deposits	**323,581**	1,016,814
Cash and cash equivalents	**3,912,127**	7,534,171
	28,614,997	30,890,719
Available-for-sale investments	**2,064,287**	1,941,325
	30,729,295	32,909,962
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Held-for-trading:		
Derivative financial instruments	**4,324**	–
Financial liabilities at amortised cost:		
Trade and bills payables	**13,453,689**	15,227,382
Financial liabilities included in other payables, advance from customers and accruals	**1,361,843**	876,173
Interest-bearing bank and other borrowings	**18,762,084**	18,091,107
	33,581,940	34,194,662

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying mounts		Fair values	
	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000	**As at 30 June 2017 (Unaudited) RMB'000**	As at 31 December 2016 (Audited) RMB'000
Financial assets				
Pledged deposits, non-current portion	**277,405**	276,618	**277,405**	276,618
Available-for-sale investments	**1,339,700**	1,252,059	**1,339,700**	1,252,059
Derivative financial instruments	**31**	27,923	**31**	27,923
Held to maturity investments	**49,980**	49,995	**49,980**	49,995
Trade and bills receivables, non-current portion	**1,878,899**	1,857,030	**1,941,334**	1,972,837
Financial receivables, non-current portion	**3,158,623**	2,451,312	**3,158,623**	2,451,312
Financial assets included in prepayments, deposits and other receivables, non-current portion	**271,789**	131,620	**271,789**	131,620
	6,976,427	6,046,557	**7,038,862**	6,162,364
Financial liabilities				
Derivative financial instruments	**4,324**	–	**4,324**	–
Interest-bearing bank and other borrowings, non-current portion	**14,938,453**	15,419,038	**14,999,319**	15,629,502
Trade and bills payables, non-current portion	**808,665**	754,661	**825,089**	794,435
Financial liabilities included in other payables, advance from customers and accruals, non-current portion	**80,523**	109,638	**82,558**	108,138
	15,831,965	16,283,337	**15,911,290**	16,532,075

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 financial receivables, the current portion of trade and bills payables, the current portion of financial assets included in prepayments, deposits and other receivables, the current portion of financial liabilities included in other payables, advance from customers and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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 amount 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 portions of the pledged deposits, trade and bills receivables, financial receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables, advance from customers and accruals and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 30 June 2017 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted available-for-sale equity investments cannot be measured reliably because they do not have quoted market prices in an active market and the range of reasonable fair value estimate is so significant.

The Group enters into derivative financial instruments with the financial institutions. Derivative financial instruments, including forward currency contracts and an interest rate swap, are measured using valuation techniques similar to forward currency and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rate and interest rate curves. The carrying amounts of forward currency contracts and the interest rate swap are the same as their fair values.

As at 30 June 2017, the marked to market value of the derivatives was net of a credit/debit valuation adjustment attributable to derivative counterparty default risk.

30. 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 2017

	Fair value measurement using			
	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	Total (Unaudited) RMB'000
Available-for-sale investments:				
Listed equity investments	479,700	–	–	479,700
Other financial assets	–	860,000	–	860,000
	479,700	860,000	–	1,339,700
Derivative financial instrument:				
Interest rate swap	–	31	–	31
	479,700	860,031	–	1,339,731

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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2016

	Fair value measurement using			
	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	Total (Audited) RMB'000
Available-for-sale investments:				
Listed equity investments	502,059	–	–	502,059
Other financial assets	–	750,000	–	750,000
	502,059	750,000	–	1,252,059
Derivative financial instruments:				
Interest rate swap	–	1,986	–	1,986
Forward currency contracts	–	25,937	–	25,937
	–	27,923	–	27,923
	502,059	777,923	–	1,279,982

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

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 30 June 2017

	Fair value measurement using			
	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	Total (Unaudited) RMB'000
Derivative financial instruments:				
Forward currency forwards	–	4,324	–	4,324

The Group did not have any financial liabilities measured at fair value as at 31 December 2016.

During the six months ended 30 June 2017, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (the six months ended 30 June 2016: Nil).

Assets for which fair values are disclosed:

As at 30 June 2017

	Fair value measurement using			
	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	Total (Unaudited) RMB'000
Pledged deposits, non-current portion	–	277,405	–	277,405
Held-to-maturity investments	–	49,980	–	49,980
Trade and bills receivables, non-current portion	–	1,941,334	–	1,941,334
Financial receivables, non-current portion	–	3,158,623	–	3,158,623
Financial assets included in prepayments, deposits and other receivables, non-current portion	–	271,789	–	271,789
	–	5,699,131	–	5,699,131

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

Fair value hierarchy (continued)

Assets for which fair values are disclosed: (continued)

As at 31 December 2016

	Fair value measurement using			
	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	Total (Audited) RMB'000
Pledged deposits, non-current portion	–	276,618	–	276,618
Held-to-maturity investments	–	49,995	–	49,995
Trade and bills receivables, non-current portion	–	1,972,837	–	1,972,837
Financial receivables, non-current portion	–	2,451,312	–	2,451,312
Financial assets included in prepayments, deposits and other receivables, non-current portion	–	131,620	–	131,620
	–	4,882,382	–	4,882,382

30. 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 2017

	Fair value measurement using			
	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	Total (Unaudited) RMB'000
Interest-bearing bank and other borrowings, non-current portion	–	**14,999,319**	–	**14,999,319**
Trade and bills payables, non-current portion	–	**825,089**	–	**825,089**
Financial liabilities included in other payables and advance from customers and accruals, non-current portion	–	**82,588**	–	**82,588**
	–	**15,906,996**	–	**15,906,996**

As at 31 December 2016

	Fair value measurement using			
	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	Total (Audited) RMB'000
Interest-bearing bank and other borrowings, non-current portion	–	15,629,502	–	15,629,502
Trade and bills payables, non-current portion	–	794,435	–	794,435
Financial liabilities included in other payables and advance from customers and accruals, non-current portion	–	108,138	–	108,138
	–	16,532,075	–	16,532,075

31. EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there was no any significant subsequent event since 30 June 2017.

32. 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 25 August 2017.