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

Interim Report 2019

Innovating for a
Brighter Tomorrow

* For identification purpose only

Contents

Definitions 02

Corporate Information 06

Management Discussion and Analysis 07

Other Information 29

Report on Review of Interim Condensed Consolidated Financial Statements 36

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income 37

Interim Condensed Consolidated Statement of Financial Position 39

Interim Condensed Consolidated Statement of Changes in Equity 41

Interim Condensed Consolidated Statement of Cash Flows 42

Notes to the Interim Condensed Consolidated Financial Statements 45

Definitions

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

"A Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
"A Shareholders"	the holders of the A Shares;
"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;
"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;

"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 (Group) Co., Ltd. (中國三峽新能源(集團)股份有限公司), 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;
"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 2019, 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"	16 September 2019, 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）;
"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;
“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. Cao Zhigang
Mr. Wang Haibo

Non-executive Directors

Mr. Gao Jianjun
Ms. Gu Hongmei
Mr. Lu Hailin

Independent Non-executive Directors

Dr. Tin Yau Kelvin Wong
Mr. Wei Wei
Ms. Yang Jianping

SUPERVISORS

Mr. Han Zongwei
(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
Export-import Bank of China, Xinjiang Branch
Bank of China Limited, Xinjiang Branch
Bank Construction Bank Corporation, Xinjiang Branch
Agricultural Bank of China Limited, Xinjiang Branch
Industrial and Commercial Bank of China Limited, Xinjiang Branch

COMPANY WEBSITE

www.goldwindglobal.com

Management Discussion and Analysis

I. OVERVIEW

In the first half of 2019, affected by factors such as continued trade frictions and geopolitical tensions, international trade and investment were flattish, global economic growth momentum was considerably weakened, and the risk of the world economy having a lower-than-expected growth rate escalated. According to the latest World Economic Outlook report released by the International Monetary Fund (IMF), the world economic growth rate would be 3.2% and 3.5%, respectively, this year and next, which is 0.1 percentage points lower than the agency's previous forecast.

Facing complicated international and domestic dynamics, the Chinese government adheres to the general principle of steady progress and sticks to the concept of new development and high-quality development, and deepens the reform and opening-up with a focus on supply-side structural reform. During the Reporting Period, China's economy continued its generally stable yet forward progress, with its economic activities keeping in a reasonable range. In the first half of the year, China's GDP was RMB45,093.3 billion, a year-on-year increase of 6.3%.

According to data released by the China Electricity Council (CEC) and the National Energy Administration (NEA), the total electricity consumption of the nation in the first half of this year was 3.40 trillion kWh, a year-on-year increase of 5.0%. Power supply structure continued to optimize, and the national installed capacity of power generation totaled 1.94 billion kW, a year-on-year increase of 6.1%. The growth rate of non-fossil energy power generation accounted for 41.2%, up 1.4 percentage points year-on-year. The national wind power generation capacity was 214.5 billion kWh, up 11.5% year-on-year. The national wind curtailment totaled 10.5 billion kWh, and the average wind curtailment rate was 4.7%, down 4 percentage points year-on-year.

i. MAIN POLICY REVIEW

2019 is a crucial year for China's "13th Five-Year Plan" that aims to achieve energy and low-carbon transition, and a vital timing for the reform of the wind power industry. In order to promote the transformation and upgrade of the energy structure and to achieve the goal of grid parity for onshore wind power projects in 2021, the National Development and Reform Commission (NDRC) and the NEA have intensively issued a number of policies that regulate on wind power industry planning and supervision, on-grid tariffs, competitive auction, and wind power consumption, and so on. The government intended to regulate the industry and to promote the healthy and sustainable development of the wind power industry.

1. Providing Policy Support to Encourage to Prioritize the Construction of Non-subsidized Grid-parity Wind Power Projects, while Promoting the Allocation and Regulation of Subsidized Competitive Auction

On 7 January 2019, the NDRC and the NEA issued the Notice on *Accelerating the Work of Speeding up the Wind Power and Solar Power Grid Parity*（*《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》*）, confirming various policy support for non-subsidized grid-parity wind power projects to achieve onshore wind power grid-parity in 2021. The Notice proposes to optimize the investment environment for grip-parity and low-grid-connection-priced wind power projects, encourages the use of green certificates, and clarifies the responsibility of grid companies constructing grid connection work. The Notice also aims to promote the development of non-subsidized wind and solar power projects through electricity market transactions, implements fixed electricity price acquisition policies to ensure prioritized power generation and full-guaranteed acquisitions, launches innovative financial support, and mobilizes the enthusiasm of local governments through the "double-control" assessment criteria.

On 10 April 2019, the NEA issued the *Work Plan on Advancing the Construction of Non-Subsidized Grid-parity Wind and Solar Power Project (Draft for Comment)*（*《關於推進風電、光伏發電無補貼平價上網項目建設的工作方案》*）（*徵求意見稿*）that regulates to improve wind and solar power consumption, advance green certificate mechanism, eliminate non-technological costs, offer support to grid-parity projects such as prioritized approval, prioritized grid connection, and 20-year fixed power price, and encourage subsidized projects to participate in competitive auction.

On 12 April 2019, the NEA issued the *Notice about 2019 Construction Management Requirement for Wind and Solar Power Generation Projects (Draft for Comment)*（*《關於2019年風電、光伏發電建設管理有關要求的通知》*）（*徵求意見稿*）, and once again proposes to give priority to the construction of wind and solar power grid-parity projects, implement the competitive allocation of wind and solar power projects, strictly follow the planning and early warning requirements, implement the power transmission and consumption conditions, and optimize the establishment of investment and business environment.

On 20 May 2019, the NDRC and the NEA issued the *Notice on Promulgating the First Batch of Wind Power and Solar Power Tariff Parity Projects*（*《關於2019年風電、光伏發電建設管理有關要求的通知》*）, announcing 56 grid-parity wind power projects with total installation capacity of 4.51 Gigawatts (GW), and proposing to give priority to the construction of this batch of projects, and then to let the provincial energy authorities start the allocation of subsidized competitive-bidding wind power projects.

On 28 May 2019, the NEA issued the Notice of 2019 Wind and Solar Power Project Construction（*《關於2019年風電、光伏發電項目建設有關事項的通知》*）, clearly requiring to actively promote the construction of grid-parity projects and strictly regulate competitive allocation of subsidized projects. The Notice encourages to give priority to grid-parity projects, with all else equal. The Notice requires the provincial energy authorities to formulate the 2019 wind power construction plan in accordance with relevant regulations, which should include the scale and layout of new projects, the competitive allocation work plan (or the competitive allocation methods), and the transmission and consumption conditions. Among which, the competitive allocation cap price is the guided price set by the national pricing department and there should not be minimum price.

On 30 May 2019, the National Energy Administration issued the *Guide to the Competitive Allocation of Wind Power Projects*（《風電項目競爭配置指導方案》）, which further stipulates that all centralized wind power projects in 2019 should be allocated in a competitive manner. The provincial competitive bidding standards are to be formulated or revised in accordance with the requirements of the NEA.

2. Phase-out of Tariffs for Wind Power Projects to Achieve Onshore Wind Grid-parity in 2021

On 21 May 2019, the NDRC issued the *Notice on Completing the On-grid Electricity Price Policy for Wind Power*（《關於完善風電上網電價政策的通知》）that reduces the on-grid tariffs of wind power, and for the first time clearly discloses the timeline of grid-parity of wind power projects. The Notice clarifies the electricity price policy for the newly approved onshore wind power project and offshore wind power projects in 2019 and 2020, changes the on-grid tariffs mechanism for onshore and offshore wind power projects to the guided price mechanism, and stipulates that newly approved centralized onshore wind power projects and offshore wind power projects will be determined electricity price through competitive auction, with prices no higher than the guided price set for the wind resources region where projects are domiciled. On-grid tariffs of new onshore wind power projects in 2019 are RMB0.34/0.39/0.43/0.52/kWh for wind resources region I/II/III/IV, and guided on-grid tariffs of new onshore wind power project in 2020 are RMB0.29/0.34/0.38/0.47/kWh for wind resources region I/II/III/IV.

The Notice also stipulates the grid connection deadline for wind power projects, and specifies that for onshore wind power projects approved before the end of 2018 but are still not completed before the end of 2020, the government will no longer provide subsidies, and that for onshore wind projects approved through 1 January 2019 to the end of 2020, the government will no longer provide subsidies. Since 1 January 2021, the newly approved onshore wind power projects shall realize grid parity and the government will no longer provide subsidies.

For offshore wind power projects that are included in 2019 planning and annual financial subsidy budget, 2019/2020 guided on-grid tariffs of newly approved projects are adjusted to 0.8/0.75/kWh.

3. Multiple Policies to Promote Renewable Energy Consumption and Energy Structural Adjustment

On 5 March 2019, the NEA issued the *Opinion on Advancing Pilot Work of Spot Market for Power (Draft for Comment)*（《關於進一步推進電力現貨市場建設試點工作的意見》）（徵求意見稿）, requiring to design the construction plan of spot market for power, set up its mechanism, strengthen operation capability of the market, and complete supporting policies.

On 8 March 2019, the NEA published the *Notice on 2019 Wind Power Investment Monitoring and Early Warning Results*（《2019年度風電投資檢測預警結果的通知》）, listing Xinjiang (incl. the Corp) and Gansu as “red alert” areas, yet moving Jilin and Gansu to “green” from “red alert” and “orange alert”, respectively, which optimizes industrial investment allocation and eases wind curtailment.

On 10 May 2019, the NDRC and the NEA issued the *Notice on Establishing and Improving the Renewable Energy Power Consumption Guarantee Mechanism* *（《關於建立健全可再生能源電力消納保障機制的通知》）*, setting renewable energy power consumption percentage targets for provinces, which include compulsory minimum renewable energy power consumption targets and incentive targets. Provincial energy authorities should take the lead in the implementation, and accept supervision and evaluation from the energy administrative department of the State Council. At the same time, it is clear that the basic way for the market participants responsible for the responsibility of consumption is to consume wind power, including the wind power purchased from power grid enterprises and power generation companies, and the wind power generated by themselves. In addition, the market entities that are responsible for the consumption can complete the targets by purchasing from other entities that have excessive wind power over consumption targets, or purchasing from them in the form of green energy certificates.

ii. INDUSTRY DEVELOPMENT REVIEW

1. Domestic Wind Power Market Expanding Steadily, and the Wind Power Industry Accelerating Its Development

According to the NEA and the CEC data, during the first half of 2019, the newly installed capacity of grid-connected wind power in the country was 9.09 million kilowatts, and the cumulative installed capacity of grid-connected grid wind power reached 193 million kilowatt hours. As of the end of June 2019, domestic wind power installed capacity accounted for 10.3% of the total installed power, and the national wind power generation capacity was 214.5 billion kilowatt hour (kWh), a year-on-year increase of 11.9%.

2. Public Tender Market Reaching Record-high, and Public Bidding Price Bouncing Up

The phase-out of on-grid tariffs and the determination of the timeline for grid-parity have accelerated the speed of the wind power installation. In the first half of 2019, the domestic public tender market of wind power equipment has reached 32.3GW, an increase of 93.4% over the same period last year, marking a historic record-high level. The monthly average bidding price of wind turbine equipment also showed a stable upward trend.

3. National Wind Power Curtailment and Curtailment Rate Both Lowered, and Wind Power Penetration Rate Demonstrating an Increase

The proportion of wind power on-grid electricity over the total amount of national power consumption in the first half of the year was 6.4%, an increase of 0.5 percentage points year-on-year. The national average wind power utilization was 1,133 hours, down 10 hours year-on-year. The national wind curtailment and curtailment rate both lowered. Wind curtailment totaled 10.5 billion kWh, a year-on-year decrease of 7.7 billion kWh; the national average wind curtailment rate was 4.7%, down 4.0 percentage points year-on-year. Provinces with the most considerable improvement in wind curtailment rate were Xinjiang, Gansu and Inner Mongolia, down by 11.9, 10.4 and 8.5 percentage points, respectively. The wind curtailment rate of Jilin and Heilongjiang also decreased by about 3 percentage points year-on-year.

4. Accelerating the Construction of Grid-parity Onshore Wind Projects and Large Wind Power Base Projects

In May of this year, the NDRC and the NEA announced the newly approved grid-parity wind power projects, a total of 56 projects with a total capacity of 4.51GW. The three provinces with the largest planned capacity are Jilin, Henan and Heilongjiang. In addition, following the result of the tender for the 6GW Ulanqab project of the National Power Investment Corporation, the 3GW grid-parity wind power project of China Guangdong Nuclear Power New Energy in Hinggan League, Inner Mongolia was also approved in August. The large wind power base projects in North China will be carried out in an orderly manner in the near future, and the supporting transmission lines will be built in succession to promote the orderly consumption of wind power in the region. The grid-parity projects and the large wind power base projects are expected to bring about the recovery of the installed capacity in the northern region. From the data of the public tender market in the first half of 2019, the total volume in North China reached 21.7GW, accounting for 67.1%.

5. Continuous Scale-up of Offshore and Distributed Wind Power Sector

According to China's "13th Five-Year Plan" for wind power development, by the end of 2020, the offshore wind power grid-connected installed capacity will reach more than 5GW, and the under-construction capacity will exceed 10GW. In the first half of 2019, the on-grid offshore wind capacity totaled 400 MW, the public tender market offshore totaled 4.4GW, a year-on-year increase of 76%, accounting for 13.6% of the total tender volume of the wind power industry in the first half of the year. Considering that China's offshore wind power merely started in recent years, and that the offshore wind power projects have higher quality requirements, higher construction costs and longer construction periods, policy support and enterprise innovation capabilities will guide the offshore wind power industry to further improve its efficiency, distribute investment reasonably, and streamline the efficient use of resources in the future.

With the support of policy support and technological advancement, China's distributed wind power has already had the prerequisites for further development. Provinces such Henan, Inner Mongolia, Guangxi, Heilongjiang, and Ningxia have announced a total of nearly 5GW of distributed wind power projects, and the existing successful practices of distributed wind power projects have driven more enterprises to enter into the field. Both factors demonstrate the potential of distributed wind power becoming an increment to wind power industry.

II. MAIN BUSINESS ANALYSIS

In the first half of 2019, the wind power industry continued its growth rate: the scale of public tender increased sharply, and average bidding prices of wind power equipment stabilized and rebounded. Affected by policy changes in relation to subsidies, competitive bidding, grid-parity, and so on, and the gradual improvement of wind curtailment, total installed capacity of wind power is expected to boost. To reinforce the industrial leadership and to achieve steady growth of businesses, during the reporting period, the Company embraced the challenges brought by industry competition with a more active attitude and varied marketing strategy, and made full use of its technical superiority and scale advantage to provide customers with comprehensive wind power solutions with high-quality products and customized services.

Management Discussion and Analysis

During the Reporting Period, revenue for the Group was RMB15,700.02 million, representing an increase of 43.23% compared with RMB10,961.17 million for the corresponding period in 2018. Net profit attributable to owners of the Company was RMB1,184.50 million, representing a decrease of 22.58% compared with RMB1,529.98 million for the corresponding period in 2018.

i. WTG R&D, Manufacturing and Sales

1. WTG Manufacturing and Sales

For the six months ended 30 June 2019, the Group's revenue from the sales of WTGs and components was RMB11,635.92 million, representing an increase of 45.66% YoY. Total sales capacity was3,190.75MW, an increase of 50.37% YoY. The following table sets out the details of products sold by the Group in the first half of 2019 and 2018:

	Six months ended 30 June				
	2019		2018		
	Units Sold	**Capacity Sold (MW)**	Units Sold	Capacity Sold (MW)	Change in Capacity Sold
6.0S	**7**	**45.15**	2	12.00	276.25%
3.0S	**73**	**242.50**	39	117.00	107.26%
2.5S	**264**	**660.00**	95	237.50	177.89%
2.0S	**1,039**	**2,193.60**	764	1,528.00	43.56%
1.5MW	**33**	**49.50**	133	199.50	–75.19%
Total	**1,416**	**3,190.75**	1,033	2,094.00	52.38%

During the Reporting Period, the Company's order backlog continued to increase steadily. As of June 30, 2019, the Company's successful bid totaled 14,792.92MW, including: 189.6MW of 1.5MW unit, 5,831.6MW of 2S-platform WTGs, 6,742.5MW of 2.5S-platform WTGs, 1,640.72MW of 3S-platform WTGs, 380.5MW of 6S-platform WTGs, 8MW of 8MW WTGs. The external order backlog was 6,404.25MW, including: 181.5MW of 1.5MW WTGs, 1,583.3MW of 2S-platform WTGs, 2,082.5MW of 2.5S-platform WTGs, 1,958.75MW of 3S-platform WTGs, 598.2MW of 6S-platform WTGs. The external orders totaled 21,197.17MW. The internal orders totaled 712.6MW.

2. Technology R&D and Product Certification

Scientific and technological innovation is the core driving force for an enterprise's development. It is the key to maintain industry leadership and achieve high-quality development through driving technological innovation and introducing differentiated products that can add value to clients. During the Reporting Period, the Company integrated the resources and technical advantages of the global R&D centers, and optimized and upgraded the existing R&D platforms and products according to the market and customer needs, combining key technology applications in various fields of wind turbines.

During the Reporting Period, the Company continued to promote the research and development of GW2S, GW2.5S, GW3S and GW6S series units. Based on the combination of WTG models with different unit-capacity and rotor diameters and towers of different heights and structural frameworks, the Company is capable of meeting the complex and diverse needs of the market.

For future potential hotspot markets such as distributed wind power and large wind power base projects, the Company also actively promoted the corresponding product and solution portfolio to ensure the profitability of wind power project investment. In the first phase of the 6GW Ulanqab Wind Power Base demonstration project in Inner Mongolian developed by the National Power Investment Corporation, Goldwind won the bid with the new 4.X series product, in which the flagship model GW155-4.5 prototype completed its grid connection in June 2019. This series of WTG units deploy the internationally-advanced smart WTG design concept. It is a customized model for grid-parity projects with medium-to-high wind resources.

In the first half of 2019, Goldwind received 20 type certificates and 21 design evaluation certificates. In addition, the Company's radar front-end wind measurement technology has finally obtained the world's first technical certification issued by DNV GL to this category after three-year development. At the same time, Goldwind continued to attach importance to R&D and innovation investment, and actively adopted intellectual property protection core technologies, and the number of patent applications in China and abroad has gradually increased. As of 30 June 2019, Goldwind had 3,737 domestic patent applications, including 2,083 invention patent applications; 2,172 domestic patents, including 717 inventions; and 463 overseas patent applications. The Company had 717 software copyrights, 226 domestically approved registered trademarks, and 127 internationally approved registered trademarks.

3. **Quality Management**

During the Reporting Period, the Company actively carried out smart wind turbine research, and established a WTG early warning system that is driven by data. The Company deepened the formation of a full-fledged industrial chain, achieved quality improvement and efficiency enhancement of the whole chain, and promoted the upgrade of on-site problem-solving mechanisms. To build a one-stop expert solution mechanism to enhance customer experience, the Company also formed a quality management information platform to streamline digital upgrade of product lifecycle quality management, and ultimately achieve a comprehensive, win-win result for all parties involved in the industrial chain.

In August 2019, the Company won the first of large and medium-sized enterprises of National Quality Award with reference of the *Notice on Publishing the Review Results of the 18th National Quality Award from China Quality Association*.

ii. Wind Power Operation and Maintenance Services

The wind power services market has become a new battlefield for Original Equipment Manufacturers (OEMs), with the upcoming wind power competitive bidding and grid-parity era, and driven by technology and market factors. Relying on its wind turbine manufacturing experience and years of wind farm technical service practice, Goldwind can provide clients with customized, professional and digital lifecycle comprehensive solutions, while actively focusing on the offshore operation and maintenance (O&M) market and launching intelligent O&M platform, and in the meanwhile achieve breakthroughs of overseas O&M business.

During the Reporting Period, the Company proposed to redefine wind power services with data and the new energy Internet of Things (IoTs), as well as other advanced technologies including big data, artificial intelligence, and cutting-edge wind power technologies. Through the upgrade of operation, maintenance, resource providing, and performance enhancement, and through the online intelligent monitoring and offline high-efficient execution, the Company reshaped the structure of environment of the industry and helped with a transition of the business model of wind power services that combines services and resource allocation network. The Company also launched a “new service” solution to help customers achieve a new mode of smart operation through SOAM™-based smart operation system. The Company promoted innovation with technology and added value with innovation, also helped clients to enhance efficiency and performance through providing specialized innovative technology and power generation improvement solutions. The Company shared with clients its online and offline resources and systems in full capacity, as well as its nation-wide network of services team and spare parts, in order to improve efficiency and create value with a one-step new services model.

To prepare for the offshore O&M market, the Company launched the digital operation solution of the intelligent O&M platform (iGO) for offshore wind farm. iGo is capable of integrating all the services resources on the platform, assigning marine tasks in 0.5 hours, dispatching services resources, and improving O&M efficiency. It is also able to make intelligent O&M plans that are automatically optimized by the system screening, through parametric modeling of O&M resources. iGo offers O&M advices and lowers O&M costs on the basis of system automatic diagnosis and early warning signals, which are obtained through SCADA data, including WTG status monitoring data, WTG fault archive, WTG maintenance historical data, etc., using big data and artificial intelligence. The Company signed a 10-year O&M management service agreement with Brazilian wind power operator, Energimp, to provide O&M services for its 270 MW wind power farm. The Company also signed a service agreement with the owner of the Mataraca project in Brazil, to provide technical renovation and O&M services for 223 wind turbines across 14 wind farms.

As of the end of the Reporting Period, the Company's O&M service team provided construction, O&M services and technical support for more than 34,000 WTGs and more than 1,000 wind farms worldwide. More than 21,000 WTGs were connected to the Goldwind Global Monitoring Center. The Company's domestic and international services business has a capacity of 7,764 MW, of which 33% are non-Goldwind WTGs.

During the Reporting Period, revenue from the Wind Power Services was RMB1,436.80 million, representing an increase of 131.78% YoY.

iii. Wind Farm Investment and Development

At present, wind farm development is in a new era when policies center on "promoting consumption" and "accelerating grid parity". The clarification of ecological red lines and the standardization of forest land use have brought in challenge and opportunities for new energy industry. During the Reporting Period, the Company's power trading volume and power generation revenue continued to increase, and to-be-developed project capacity grew steadily, and wind farm utilization exceeded the industry average. During the Reporting Period, the Company's consolidated power generation volume was 4.337 billion kWh, and 31.19% was traded directly on the market.

During the Reporting Period, the Company's domestic newly added grid-connected attributable installed capacity was 21.3MW; the under-construction wind farm project capacity was 1,649.65MW, and the attributable capacity was 1,543.87MW. As of the end of the Reporting Period, the Company's cumulative attributable self-owned wind farms capacity connected to the grid in and outside China totaled 4,422 MW, and the average utilization hours exceeded 1,200 hours, 69 hours higher than the national average.

At present, the Company manages its own wind farm assets of 4,363.8MW, and from January to June 2019, its external asset management scale was 379 MW. For the management of existing wind farm assets, the Company also actively develops corresponding strategies, relying on the data center and digital platform established by the Company. The Company adopts technologies such as laser radar and Efarm to realize real-time management of power curves, and utilizes new technology applications and modular optimization to enhance asset management efficiency and profitability.

The Company has always focused on the green energy investment value chain and the improvement of asset operation output, basing on asset security and reliable operation, through digitalization, technology-driven and modular innovation. The Company has reached satisfying results on wind power consumption improvement through planning power sell-side business. On the basis of wind farm business refinement and standardization, with the help of digitalized task allocation system, along with the existing digital dispatch system, the maturing of the EAM system, and the continuously-improving centralized control operation mode, the Company has streamlined the collaboration and coordination among wind farm personnel and equipment, and has ameliorated business elements digitalization and transparency.

During the Reporting Period, the Wengniuteqi and Hepingyingzi Wind Farm and Yancheng Dafeng Experimental Wind Farm, which were built by the Company, were awarded the "2019 China Power Superior Quality Award" by the China Electric Power Construction Enterprise Association.

During the Reporting Period, revenue from wind farm development was RMB2,238.02 million, representing an increase of 11.22% YoY. Gains on disposal of wind farm project company was RMB724.14 million.

iv. Further Implementation of "Two Sea" Strategy

The "Two-Sea" strategy is one of the Company's important development strategies. It aims to promote the expansion of the Company's overseas market and offshore business. It is of great significance for the Company to broaden its profit channels, seize market share, and consolidate its industry advantages.

Goldwind has adopted a steady development strategy in the offshore wind power business and has made product quality and reliability improvement a priority. Oriented by the market demand, based on the principle of product quality and reliability, the Company has continuously strengthened the path of developing offshore wind power technology, engineering and talent team, and provided customers with high reliability WTGs, accurate wind farm resources assessment, and intelligent lifting and O&M programs. To build an integrated, four-in-one marine solution for "offshore WTGs, offshore engineering, offshore O&M, and offshore training", and to strive to become "the optimal solution provider for offshore wind power in China", the Company has established an offshore wind power training center, which is the only offshore wind power training institution in China that implements the GWO international standard. It has obtained LR and CGC certificates, covering BST (basic safety training) and BTT (basic technical training) courses, making it an international training platform for offshore wind power that suits China's offshore wind status. The center has provided a training course system regarding the self-help and rescue of O&M personnel in extreme weather conditions, such as lightning, thunder, rain, fog and wind waves. More than 200 people have successfully passed the GWO maritime survival training. As of the end of the Reporting Period, the Company's offshore wind power business order backlog totaled 1,071.7MW.

During the Reporting Period, the Company achieved business breakthroughs in various overseas markets and international customer development. The Company's Golden South project order marked a breakthrough in the Canadian market; and the Thai Lom Ligor project and the Turkish Aksu project both successfully connected to the grid and earned service agreements with the owners. In the first half of 2019, Goldwind participated in the biddings of five major international clients, including EDF R, Engie, E.ON, Enel Green Power, and EDPR. The 16 biddings totaled 1.5GW. Up to now, the Company has won biddings for the Aerorrachi project (14MW) in Greek, the Alcamo II project (14MW) in Italy, the Renaico II project (150MW) in Chile, and the Las Lomas project (200MW) in the United States.

As of the end of the Reporting Period, the Company's overseas investment in wind power projects had an attributable capacity of 283.1MW. Totaled 1,343MW were under construction, with an attributable capacity of 1,224.28MW. Attributable capacity of to-be-developed overseas wind power projects totaled 303.43MW. The total order backlog was 968.17MW.

During the Reporting Period, revenue from the international business amounted to approximately RMB1,685.35 million, representing an increase of 142.12% YoY.

v. Water Treatment Business

In the first half of 2019, benefitting from risk control and strategic execution, Goldwind continued to develop healthily in the water treatment sector. The Company continued to focus on heavy asset investment operations and smart water services, and on the development of light asset environmental protection technology services, in order to achieve a two-wheel driven strategy that combines light and heavy assets operation in water treatment business.

In the field of heavy asset investment and operation, in order to better meet the people's pursuit of a better living environment, the Company extensively carried out the upgrading of wastewater treatment plants on existing projects according to the requirements of the relevant departments of the project sites, and optimize project operations through strengthening asset management and cost control. The Company completed the backstage data construction of the digital platform in the first half of the year, which covers financial and operational data upload, summary, analysis and early warning.

In the field of light asset technology services, the Company took the trusteeship-model operation and technology research and development as the starting point, and achieved breakthroughs in the first half of the year: successfully won the bidding for a trusteeship operation service of an industrial park sewage treatment plant in Zhejiang Jinhua Economic and Technological Development Zone; jointly developed CDI desalination technology and catalyst technology with domestic and foreign universities and successfully completed the pilot test, followed by commercialization in the second half of the year.

The Company won the award of "The Most Growth Potential Investment Operation Enterprise of 2018" at the China Water Industry Forum this year.

During the Reporting Period, revenue from the water treatment business amounted to approximately RMB204.14 million.

vi. Major Subsidiaries

As at 30 June 2019, the Group had 401 subsidiaries, among which 42 were directly owned subsidiaries and 359 were indirectly owned subsidiaries. In addition, the Group had 20 joint ventures, 27 associate companies and 23 equity investments at fair value. 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 2019
Unit: RMB

No	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets	Revenue from Operations	Net Profits
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,300.00	7,114,631,913.01	1,260,775,334.18	2,478,781,614.19	–224,262,488.23
2	Jiangsu Goldwind Technology Co., Ltd.	75,961.00	3,993,114,660.10	1,513,595,686.69	1,967,973,258.04	23,122,762.58
3	Beijing Techwin Electric Co., Ltd.	10,000.00	4,598,836,785.66	1,496,760,406.34	2,083,351,263.59	183,234,646.50
4	Beijing Tianrun New Energy Investment Co., Ltd.	555,000.00	32,206,303,557.26	11,281,608,739.06	2,066,028,187.82	1,428,523,646.27
5	Goldwind Investment Holding Co., Ltd.	100,000.00	2,331,945,758.17	1,992,577,230.43	–	130,495,020.73
6	Tianxin International Finance Lease Co., Ltd.	USD30 million	5,579,956,202.52	690,681,105.10	177,936,070.59	67,367,475.44
7	Goldwind Environmental Science & Technology Co., Ltd.	100,000.00	5,211,713,168.34	1,260,534,362.42	184,244,234.45	12,619,315.30

III. OPERATIONS PERFORMANCE AND ANALYSIS

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

Summary

During the six months ended 30 June 2019, revenue for the Group was RMB15,700.02 million, representing an increase of 43.23% compared with RMB10,961.17 million for the corresponding period in 2018. Net profit attributable to owners of the Company was RMB1,184.50 million, representing a decrease of 22.58% compared with RMB1,529.98 million for the corresponding period in 2018. The Company reported basic earnings per share of RMB0.30.

Revenue

The Group's revenue was generated mainly from (i) WTG Manufacturing, (ii) Wind Power Services, (iii) Wind Farm 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 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.

During the six months ended 30 June 2019, revenue for the Group was RMB15,700.02 million, representing an increase of 43.23% compared with RMB10,961.17 million for the corresponding period in 2018. Details are set out below:

Unit: RMB thousand

	Six months ended 30 June		Amount	Percentage
	2019	2018	Change	Change
WTG Manufacturing	**11,635,916**	7,988,165	3,647,751	45.66%
Wind Power Services	**1,436,802**	619,909	816,893	131.78%
Wind Farm Development	**2,238,017**	2,012,154	225,863	11.22%
Others	**389,282**	340,940	48,342	14.18%
Total	**15,700,017**	10,961,168	4,738,849	43.23%

Revenue increased due to: (i) the steady development of China's wind power industry and wind Power Industry Accelerating Its Development the high market recognition of the Group's products drive the sales of fan growth in the first half of 2019; (ii) thanks to the Group's layout of Wind power service market, the revenue of wind power services increased greatly; (iii) with the increase of wind farms capacity of the Group officially entering the operation stage, the revenue produced from power generation increased; (iv) the preliminary results of diversified development strategy were achieved, the Group's revenue from lease increased.

Cost of Sales

Unit: RMB thousand

	Six months ended 30 June		Amount	Percentage
	2019	2018	Change	Change
WTG Manufacturing	**10,320,513**	6,283,874	4,036,639	64.24%
Wind Power Services	**1,312,367**	497,949	814,418	163.55%
Wind Farm Development	**654,432**	568,825	85,607	15.05%
Others	**155,107**	185,799	(30,692)	–16.52%
Total	**12,442,419**	7,536,447	4,905,972	65.10%

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

Gross Profit

Unit: RMB thousand

	Six months ended 30 June 2019	Six months ended 30 June 2018	Amount Change	Percentage Change
WTG Manufacturing	**1,315,403**	1,704,291	(388,888)	–22.82%
Wind Power Services	**124,435**	121,960	2,475	2.03%
Wind Farm Development	**1,583,585**	1,443,329	140,256	9.72%
Others	**234,175**	155,141	79,034	50.94%
Total	**3,257,598**	3,424,721	(167,123)	–4.88%

The Group's gross profit decreased mainly due to decreased gross profits from WTG manufacturing.

For the six months ended 30 June 2019 and 2018, our comprehensive gross profit margin was 20.75% and 31.24%, respectively, and the gross profit margin for WTG Manufacturing business segment was 11.30% and 21.34%, respectively.

The following table sets out the gross profit margins for the Group's WTGs by unit capacity including the 1.5MW series, 2.0S series, 2.5S series and 3.0S series and 6.0S series (prepared in accordance with CASBE):

Gross Profit Margin	Six months ended 30 June 2019	Six months ended 30 June 2018	Change (percentage points)
6.0S	**–1.50%**	–6.02%	4.52%
3.0S	**13.78%**	13.73%	0.05%
2.5S	**15.06%**	20.17%	–5.11%
2.0S	**10.09%**	22.95%	–12.86%
1.5MW	**15.48%**	20.86%	–5.38%

During the Reporting Period, gross profit margin of 1.5MW series, 2.0S series and 2.5S series of WTG had a certain degree of decrease. 3.0S series' gross profit margin maintain stability. With the technology and the market are maturing, 6.0S series WTG' gross profit margin are improved this period.

Other Income and Gains

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

Other income and gains of the Group for the six months ended 30 June 2019 was RMB1,226.29 million, representing a 188.77% increase compared with RMB424.66 million for the corresponding period in 2018.This was mainly attributed to the increase of gain on disposal of subsidiaries, including wind farm project companies gain on foreign exchange difference, fair value gains, and etc.

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 2019 was RMB1,262.93 million, representing a 106.25% increase compared with RMB612.32 million for the corresponding period in 2018. This was mainly attributed to the increase of product warranty provisions, transportation, insurance expenses caused by increased number sells of WTGs, travel expenses, and etc.

Administrative Expenses

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

Administrative expenses of the Group for the six months ended 30 June 2019 was RMB1,202.79 million, representing a 29.48% increase compared with RMB928.92 million for the corresponding period in 2018. This was mainly attributed to the increase in employee compensation caused by business expansion, R&D expense to enhance the Group's core competitiveness, amortization and consulting's fees and etc.

Other Expenses

The Group's other expenses primarily consisted of bank charges, impairment provisions accrued in connection with good will, and etc.

Other expenses of the Group for the six months ended 30 June 2019 was RMB99.79 million, representing a 14.41% decrease compared with RMB116.59 million for the corresponding period in 2018. This was mainly attributed to the reduction of foreign exchange difference.

Finance Costs

Finance costs of the Group for the six months ended 30 June 2019 was RMB563.20 million, which is flat compared with RMB523.97 million for the corresponding period in 2018.

Income Tax Expenses

Income tax expenses of the Group for the six months ended 30 June 2019 was RMB211.13 million, representing a 11.44% increase compared with RMB189.45 million for the corresponding period in 2018. This was mainly attributed to the increase of pre-tax profit, which applicable tax rate is high.

Financial Position

As at 30 June 2019 and 31 December 2018, total assets of the Group were RMB96,793.36 million and RMB81,364.05 million, respectively, current assets of the Group were RMB44,372.98 million and RMB32,917.50 million, respectively, percentages of current assets to total assets of the Group were 45.84% and 40.46%, respectively. The Group's current assets increased mainly due to the increased trade and bills receivables, the increased inventories, the increased prepayments, other receivables and other assets, the increased pledged deposits, the increased cash and cash equivalents, and etc.

As at 30 June 2019 and 31 December 2018, total non-current assets of the Group were RMB52,420.39 million and RMB48,446.55 million. The Group's non-current assets increased mainly due to the increase of property, plant and equipment caused by the increase in operating wind power plants and wind power plants under construction, the increase of right-of-use assets, the increase of financial receivables, the increase of investments in associates, the increase other intangible assets caused by the increase in franchise rights and project approval of wind power, the increase of contract assets, the increase of pledged deposits, the increase of derivative financial instruments, which were offset by the decrease of prepaid land lease payments, the decrease of equity investments designated at fair value through other comprehensive income, and etc.

As at 30 June 2019 and 31 December 2018, total liabilities of the Group were RMB65,717.49 million and RMB54,888.93 million, respectively, current liabilities of the Group were RMB40,467.76 million and RMB31,600.59 million, respectively. The Group's current liabilities increased mainly due to the increased trade and bills payables, the increased other payables and accruals, the increased interest-bearing bank and other borrowings repaid within one year, and etc.

As at 30 June 2019 and 31 December 2018, total non-current liabilities of the Group were RMB25,249.73 million and RMB23,288.34 million, respectively. The Group's non-current liabilities increased mainly due to the increased interest-bearing bank and other borrowings, the increased derivative financial instruments, and etc.

As at 30 June 2019 and 31 December 2018, net current assets of the Group were RMB3,905.22 million and RMB1,316.91 million, respectively, and net assets of the Group were RMB31,075.87 million and RMB26,475.12 million, respectively.

As at 30 June 2019 and 31 December 2018, cash and cash equivalents of the Group were RMB5,157.59 million and RMB5,027.64 million, respectively, and the total interest-bearing bank loans and other borrowings of the Group were RMB25,814.44 million and RMB22,334.63 million, respectively.

Financial Resources and Liquidity

Unit: RMB thousand

Cash Flow Statements	Six months ended 30 June 2019	2018
Net cash flows used in operating activities	**(3,172,701)**	(2,681,162)
Net cash flows used in investment activities	**(4,154,010)**	(1,387,091)
Net cash flows from financing activities	**7,424,000**	1,595,254
Net increase/(decrease) in cash and cash equivalents	**97,289**	(2,472,999)
Cash and cash equivalents at beginning of Reporting Period	**5,012,017**	6,746,183
Net effect of foreign exchange rate changes	**32,668**	(43,382)
Cash and cash equivalents at end of Reporting Period	**5,141,974**	4,229,802

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 2019, the Group reported net cash flows used in operating activities of RMB3,172.70 million. Cash outflows were principally comprised of a RMB5,575.35 million increase in trade and bills receivables, a RMB3,414.89 million increase in inventories, a RMB775.26 million increase in prepayments, deposits and other receivables, a RMB724.14 million gain on disposal of subsidiaries, a RMB211.13 million income tax paid. Such cash outflows were offset by profit before tax of RMB1,423.44 million, adjusted for a RMB3,543.34 million increase in trade and bills payables, a RMB1,943.18 million other payables and accruals, a RMB681.77 million increase in depreciation of property, plant and equipment and investment properties, a RMB563.20 million increase in finance costs, a RMB442.41 million increase in financial receivables.

For the six months ended 30 June 2018, the Group reported net cash flows used in operating activities of RMB2,681.16 million. Cash outflows were principally comprised of a RMB1,353.30 million decrease in trade and bills payables, a RMB1,240.81 million increase in financial receivables, a RMB1216.74 million increase in trade and bills receivables, a RMB698.63 million decrease in provision, a RMB506.05 million increase in prepayments, deposits and other receivables, income tax paid of RMB283.47 million. Such cash outflows were offset by profit before tax of RMB1,794.36 million, adjusted for a RMB570.95 million increase in depreciation, a RMB523.97 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 purchase of financial assets, 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 2019, the Group reported net cash flows used in investment activities of RMB4,154.01 million. Cash outflows were principally due to the purchases of items of property, plant and equipment in the amount of RMB4,592.56 million, the purchases of financial assets at fair value through profit or loss in the amount of RMB330.00 million, the purchases of interests in associates in the amount of RMB210.20 million. Such cash outflows were offset primarily by the disposal of financial assets at fair value through profit of RMB336.83 million, disposal of shareholding in joint ventures and associates in amount of RMB306.23 million, disposal of subsidiaries in amount of RMB270.05 million, and etc.

For the six months ended 30 June 2018, the Group reported net cash flows used in investment activities of RMB1,387.09 million. Cash outflows were principally due to the purchases of items of property, plant and equipment in the amount of RMB2,502.24 million, the acquisition of subsidiaries in the amount of RMB477.70 million (net of cash). Such cash outflows were offset by the disposal of financial assets at fair value through profit of RMB1,119.15 million, decrease in pledged time deposits of RMB500.00 million, and etc.

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, and etc. The Group's net cash flows from financing activities primarily consist of new bank loans and the rights issue, and etc.

For the six months ended 30 June 2019, the Group reported net cash flows from financing activities of RMB7,424.00 million. Cash inflows were principally contributed by new bank loans and other borrowings of RMB6,510.04 million, proceeds from the rights issue of RMB4,644.75 million, and etc. These cash inflows were offset by repayment of bank loans and other borrowings of RMB2,684.62 million, interest paid of RMB575.57 million, the increase pledged deposits of RMB388.72 million, and etc.

For the six months ended 30 June 2018, the Group reported net cash flows from financing activities of RMB1,595.25 million. Cash inflows were principally contributed by new bank loans and other borrowings of RMB4,847.30 million, and etc. These cash inflows were offset by repayment of bank loans and other borrowings of RMB2,736.30 million, interest paid of RMB495.23 million, and etc.

Capital Expenditure

Capital expenditures of the Group for the six months ended 30 June 2019 were RMB4,521.53 million, representing an increase of 73.00% from RMB2,613.63 million for the six months ended 30 June 2018. 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 2019, the total amount of interest-bearing bank loans of the Group was RMB23,623.59 million, including amounts due within one year of RMB4,317.74 million, in the second year of RMB2,466.81 million, in the third to fifth year of RMB4,982.31 million, and above five years of RMB11,856.73 million. In addition, as at 30 June 2019, following the issuance of the ultra-short-term financing bonds on 26 February 2019 (details below), the total amount of other borrowings of the Group was RMB2,190.84 million, including amounts due within one year of RMB878,55 million, in the second year of RMB475.92 million, in the third to fifth year of RMB465.57 million and above five years of RMB370.80 million. Details are set out in Note 25 to the Financial Statements.

Restricted Assets

As at 30 June 2019, the following assets of the Group with a total carrying value of RMB20,227.21 million were restricted as security for certain bank loans, other banking facilities, finance lease assets and power price swap contract. Such assets included bank deposits of RMB711.91 million, trade and bills receivables of RMB4,120.36 million, property, financial receivables of RMB597.77 million, plant and equipment of RMB13,914.70 million, other intangible assets of RMB284.50 million, repayments, other receivables and other assets of RMB88.02 million, derivative financial instruments of RMB10.49 million, inventories of RMB0.15 million and right-of-use assets of RMB499.31 million.

As at 31 December 2018, the following assets of the Group with a total carrying value of RMB17,068.33 million were restricted as security for certain bank loans and other banking facilities. Such assets included bank deposits of RMB152.29 million, trade and bills receivables of RMB3,493.58million, financial receivables of RMB667.26 million, property, plant and equipment of RMB11,925.23 million, prepaid land lease payments of RMB146.63 million, other intangible assets of RMB285.51 million, repayments, other receivables and other assets of RMB384.78 million, and derivative financial instruments of RMB13.05 million.

Gearing Ratio

As at 30 June 2019 and 31 December 2018, the Group's gearing ratios, defined as net liabilities divided by total capital, were 61.16% and 61.51%, respectively.

Exposure to Fluctuations in Exchange Rates and any Related Hedges

The Group primarily operates its businesses in China. Over 85% of the Group's revenue, expenditure, financial assets and liabilities are denominated in RMB. The exchange rate of the RMB against foreign currencies did not have a significant impact on the Group's businesses. For the six months ended 30 June 2019, the Group's foreign exchange exposure associated with such transactions (except for the functional currency of the relevant operating entities) maintained at a relatively low level. The currency 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 2019 and 31 December 2018, contingent liabilities of the Group were RMB23,984.91 million and RMB18,325.79 million, respectively. Details are set out in Note 30 to the Financial Statements.

IV. OUTLOOK FOR THE SECOND HALF OF 2019

Energy is the warranty for social activities and the material foundation of the national economy. With the vigorous development of energy technology innovation in the world, clean and low-carbon energy production and consumption has become a major trend of future development. Accelerating energy transformation and development has become a conscious action of all countries in the globe, and the development of renewable energy has captured increasingly more attention. Achieving clean and low-carbon development is both an urgent need for current development and an inevitable requirement for future development.

According to the 2019 New Energy Outlook (NEO) released by Bloomberg New Energy, from the beginning of this century, the power generation of renewable energy such as wind and solar power had been undergoing a rapid development, and by 2050, the proportion of their power generation will be close to half of the global total power generation. In about two-thirds of the world's regions, wind or solar power is already the cheapest power source. In some parts of the Americas, China, and Europe, the cost of new wind power installations is the lowest. It is estimated that from 2019 to 2050, the global investment in power will reach nearly USD3 trillion, 49% (USD1.4 trillion) of which flow to wind power industry, making wind the most attractive for new investments in energy sector.

The Global Wind Energy Council (GWEC) recently released the Global Offshore Wind Power Report, said that the global offshore wind power installed capacity will grow rapidly in the next decade, and the Asian market dominated by China will be the main driving force for the expansion of offshore wind power. It is expected that the scale of the offshore wind power market will increase steadily with double-digit growth. After 2025, the newly installed capacity will increase to 15-20GW. By 2030, the newly installed capacity of offshore wind power will reach 165GW. The total installed capacity of wind power will reach 190GW.

According to Wood Mackenzie's Global Wind Power Market Outlook Update – Second Quarter 2019, China's onshore and offshore wind power policies are about to expire, forcing developers to accelerate project construction. From 2019 to 2023, global wind power installed capacity is expected to increase by an average of 71GW per year.

Possible Risk Factors

(1) Policy risk

The development of the wind power industry is affected by national policies and industrial policies. The adjustment of relevant policies will have an impact on the manufacturing and sales of the Company's main products.

(2) Market Competition Risk

With the increase of industrial consolidation, the need for product quality and efficiency enhancement, the demand for preemptive resources and market share expansion will further exacerbate competition among manufacturing companies, which may result in fluctuations in average selling prices or will have an impact on the Company's revenue and profit.

(3) Wind Curtailment

During the reporting period, although wind curtailment in China has improved significantly, some areas are still in curtailment regions. Wind curtailment will remain an important factor restricting wind power development in a certain period of time.

(4) Economic Environment and Exchange Rate Fluctuations

The growth pattern of the world's major economies has diverged. Global integration and geopolitics have created uncertainties in the development of the world economy. In this context, possible international trade protectionism and fluctuations in the RMB exchange rate may affect the Company's internationalization strategy and international business expansion.

Corporate Competitive Advantages

(1) Market Position

Goldwind is one of the earliest enterprises to enter into the field of WTG manufacturing in China. During twenty years of development, we have matured into a leading domestic and global comprehensive wind power solutions provider. Our 1.5MW, 2S, 2.5S, 3S and 6S DDPM WTG series represent the most promising technology in the global wind power industry. Goldwind has consistently ranked first in China's wind power market share for eight years and ranked the second in the world in 2018. We have sustained our market leadership for many years.

(2) 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 three 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 6S offshore DDPM WTG series 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.

(3) 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. After years of sedimentation, we have received excellent compliments from the public and gained substantial recognition from government agencies, our customers, our business partners, and investors.

(4) Comprehensive Profit Model

Attributing to its advanced technology, products, and extensive experience in wind farm development, operations and maintenance, we continued to expand alternative sources of profits such as wind farm development and wind power services in addition to sales of WTGs. 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. In the field of energy saving and protection, Goldwind quickly accumulates water treatment and environmental protection assets and nurtures smart treatment service solutions. We are committed to becoming an international leader in providing clean energy and energy-saving environmental protection solutions.

(5) 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.

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 2019, 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	62,138,411	1.80%	1.47%
Mr. Wang Haibo	Beneficial owner	A Shares	850,850	0.02%	0.02%
Mr. Cao Zhigang	Beneficial owner	A Shares	15,343,183	0.44%	0.36%

Other than as disclosed above, as at 30 June 2019, as far as known to the Company, none of the Directors, Supervisors or chief executive of the Company had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

PURCHASE, SALE AND REDEMPTION OF SHARES

Save as the rights issue and the ultra-short-term financing bonds disclosed in this interim report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2019.

RIGHTS ISSUE

The Company completed the issue of 123,511,559 H Shares on 2 May 2019 and 545,352,788 A Shares on 8 April 2019 to the qualifying shareholders, on the basis of 1.9 new H Shares for every 10 existing H Shares held on the record date at the subscription price of HKD8.21 per new H Share and 1.9 new A Shares for every 10 existing A Shares held on the record date at the subscription price of RMB7.02 per new A Share respectively. Total gross proceeds raised under the A Share rights issue were approximately RMB3,828.38 million (equivalent to approximately HKD4,474.23 million). Total gross proceeds raised under the H Share rights issue were approximately HKD1,014.03 million. The theoretical ex-right price calculated based on the closing price of HK$10.36 per H Share as quoted on the Stock Exchange on the price determination date, being 15 March 2019, was approximately HK$10.0167 per H Share. The net price per H rights share was approximately HK$7.93. The rights issue was intended to finance the Group's development.

USE OF PROCEEDS

The Company completed the rights issue of A Shares and H Shares in the first half of 2019, and such new shares have been listed on the Stock Exchange and Shenzhen Stock Exchange. According to the Capital Verification Report issued by Ernst & Young Hua Ming, the total net proceeds of the rights issue of both A Shares and H Shares were RMB4,657.36 million, which were used for the 527.5MW Stockyard Hill Wind Farm Project, the 150MW Moorabool North Wind Farm Project, replenishment of working capital, the repayment of interest bearing debts. As at 30 June 2019, all proceeds have been used. The use of the proceeds as at 30 June 2019 is as follows:

As at 30 June 2018
Unit: RMB million

Project Name	Planned Investment Amount	Adjusted Investment Amount*	Actually Invested Amount	Unused Proceeds
527.5MW Stockyard Hill Wind Farm Project	1,394.18	1,334.32	1,334.32	–
150MW Moorabool North Wind Farm Project	350.00	323.04	323.04	–
Replenishment of working capital	1,500.00	1,500.00	1,500.00	–
Repayment of interest bearing debts	1,500.00	1,500.00	1,500.00	–
Total	4,744.18	4,657.36	4,657.36	–

**Note*：The planned investment amount is adjusted as the actual proceeds were lower than the proposed proceeds.

ULTRA-SHORT-TERM FINANCING BONDS

In order to meet the production and operation demand, adjust the debt structure and lower financing cost of the Company, the Company also issued the first tranche of the ultra-short-term financing bonds on 26 February 2019. The first tranche of the ultra-short-term financing bonds mature on 24 November 2019 with an interest rate of 3.7%. The Company issued RMB0.5 billion of such bonds at an issue price RMB100.

INTERIM DIVIDENDS

The Board of the Company has decided not to declare payment of interim dividends for the six months ended 30 June 2019.

SHARE CAPITAL STRUCTURE

The particulars of the issued share capital of the Company as at 30 June 2019 are set out as follows:

Share Category	Number of Shares	As a Percentage of Total Shares
A Shares	3,451,495,248	81.69%
H Shares	773,572,399	18.31%
Total	4,225,067,647	100%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, 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	As a Percentage of H Shares[1]	As a Percentage of Total Shares
Schroders Plc	Beneficial owner	123,944,812 (L)	16.02%	2.93%
Anbang Insurance Group Co., Ltd. [2]	Interest of controlled corporation	53,591,200 (L)	8.24%	1.51%
Anbang Life Insurance Co., Ltd. [2]	Beneficial owner	53,591,200 (L)	8.24%	1.51%
BlackRock, Inc.	Beneficial owner	46,682,903 (L)	6.03%	1.10%
		354,510 (S)	0.05%	0.01%
JPMorgan Chase & Co.	Beneficial owner	39,065,629 (L)	5.05%	0.92%
		20,012,656 (S)	2.58%	0.47%
		19,494,500 (P)	2.52%	0.46%

Notes:

1. The percentage of H shares disclosed above was based on the latest disclosure of interests form filed by each shareholder as at 30 June 2019. The filing date of the forms filed by Anbang Insurance Group Co., Ltd. and Anbang Life Insurance Co., Ltd. is 3 April 2019. Following the completion of the H Shares rights issue on 2 May 2019, the Company's number of total issued H Shares has increased to 773,572,399. If calculated on the basis of 773,572,399 H Shares, the shareholding of Anbang Insurance Group Co., Ltd. and Anbang Life Insurance Co., Ltd. as a percentage of H Shares was 6.93% as at 30 June 2019. All the shareholding information of the other shareholders above were based on the respective disclosure of interests forms filed after the completion of the rights issue.

2. Anbang Insurance Group Co., Ltd. ("Anbang Group") holds 99.98% of the equity interests of Anbang Life Insurance Co., Ltd. ("Anbang Life"). Under the SFO, Anbang Group is deemed to be interested in the 53,591,200 H Shares held by Anbang Life.

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	581,548,837	581,548,837	16.85%	13.76%
China Three Gorges New Energy [1]	Beneficial owner	445,008,917	1,026,557,754	29.74%	24.30%
	Interest in controlled corporation	581,548,837			
China Three Gorges[2]	Interest in controlled corporation	1,026,557,754	1,026,557,754	29.74%	24.30%
Anbang Insurance Group Co., Ltd. [3]	Interest in controlled corporation	570,585,542	570,585,542	16.53%	13.50%
Anbang Wealth Insurance Co., Ltd. [3]	Interest in controlled corporation	570,585,542	570,585,542	16.53%	13.50%
Hexie Health Insurance Co., Ltd.	Beneficial owner	570,585,542	570,585,542	16.53%	13.50%

Notes:

1. China Three Gorges New Energy directly holds 445,008,917 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 581,548,837 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 581,548,837 A Shares held by Xinjiang Wind Power in which China Three Gorges New Energy is deemed to be interested, and the 445,008,917 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 99.99% of the equity interests of Anbang Wealth Insurance Co., Ltd. ("Anbang Wealth"). Anbang Wealth holds 77.698% of the equity interests of Hexie Health Insurance Co., Ltd. ("Hexie Health"). Under the SFO, Anbang Group and Anbang Wealth are deemed to be interested in the 570,585,542 A Shares held by Hexie Health respectively.

Other than as disclosed above, as at 30 June 2019, 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 2019, the total of the Shareholders was 139,003, among which the numbers of holders of A Shares and H Shares were 137,746 and 1,257, respectively.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to the Articles and the relevant laws, regulations and rules of the PRC, the sixth session of the Board will cease to be in office after the election of the seventh session of the Board by the Shareholders at the 2018 AGM, and the term of office of members of the various committees established under the Board (including the audit committee, the remuneration and assessment committee and the nomination committee) expired as well. The Board appointed members to each of the Board committees at the Board meeting held on 11 July 2019. Accordingly, during the short interval between the 2018 AGM and the said Board meeting, the Company did not comply with the relevant requirements regarding its audit committee and remuneration committee under Rule 3.21 and Rule 3.25, respectively, of the Listing Rules and did not comply with the relevant requirements regarding its nomination committee under Code Provision A.5.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Following the appointment of the chairman and members of the Board committees on 11 July 2019, the Company fully complies with Rule 3.21 and Rule 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code.

Dr. Tin Yau Kelvin Wong was re-appointed as an independent non-executive director ("INED") of the Company at the 2018 AGM held on 21 June 2019. He was a director of seven companies listed on the Stock Exchange (including the Company) at the time of the 2018 AGM but the Company did not comply with Code Provision A.5.5(2) of the Corporate Governance Code to include the explanation how the Board believes that Dr. Tin Yau Kelvin Wong would be able to devote sufficient time to the Board in the circular to Shareholders accompanying the notice of the 2018 AGM. The Board believes that, with Dr. Tin Yau Kelvin Wong's 8 years' experience as the Company's INED, his high attendance to the Company's meetings and the high approval rate each time he was elected, it is self-evident that Dr. Tin Yau Kelvin Wong has the ability to discharge his duties as an INED of the Company.[1] The Company has elaborated on Dr. Tin Yau Kelvin Wong's multiple directorships in the poll results announcement of the 2018 AGM. Save as disclosed above, during the reporting period, the Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

1 During his 8 years with the Company as an INED, Dr. Tin Yau Kelvin Wong has maintained a high attendance rate for board meetings, committee meetings and shareholders' meetings of the Company and contributed significantly to the Company's governance, strategy and development. Dr. Tin Yau Kelvin Wong was elected as an INED of the Company in 2011 with over 99% of votes casted voting in favour of his appointment and re-elected in 2013, 2016 and 2019, each time with over 94% of votes casted voting in favour of his appointment. Dr. Tin Yau Kelvin Wong's contribution to the Company is greatly valued by the shareholders of the Company throughout the years. Dr. Tin Yau Kelvin Wong is also a very well respected director in the Hong Kong community. He is the past chairman and an Honorary Council Member of The Hong Kong Institute of Directors, and was a member of the Listing Committee of the Stock Exchange between 2007 and 2013.

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 2019 and up to the Latest Practicable Date.

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at the Latest Practicable Date, the Audit Committee consisted of two independent non-executive Directors, namely Dr. Tin Yau Kelvin Wong and Ms. Yang Jianping, and one non-executive Director, namely Mr. Lu Hailin. The chairman of the Audit Committee was Dr. Tin Yau Kelvin Wong. 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 2019.

CHANGES TO MEMBERS OF THE BOARD AND SUPERVISORY COMMITTEE

The Shareholders at the 2018 AGM approved the election of Mr. Wu Gang, Mr. Cao Zhigang and Mr. Wang Haibo as executive Directors, Mr. Gao Jianjun, Ms. Gu Hongmei and Mr. Lu Hailin as non-executive Directors, and Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping as independent non-executive Directors for the seventh session of the Board have been approved. The term of office of the seventh session of the Board shall be three years beginning from the day following the date of the AGM.

Due to the expiration of the term of office, Mr. Zhao Guoqing retired as the non-executive Director, and Mr. Yang Xiaosheng and Mr. Luo Zhenbang retired as independent non-executive Directors respectively, all with effect from 22 June 2019.

The Shareholders at the 2018 AGM approved the election of Mr. Han Zongwei, Mr. Luo Jun and Ms. Xiao Hong as Supervisors for the seventh session of the Supervisory Committee. The employee representative meeting of the Company has been held on 21 June 2019. The proposals to elect Mr. Lu Min and Ms. Ji Tian have been approved, which shall form the seventh session of the Supervisory Committee with the above Supervisors together. The term of office of the seventh session of the Supervisory Committee shall be three years.

CHANGES TO INFORMATION ON DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

On 6 March 2019, Dr. Tin Yau Kelvin Wong resigned as the INED of Mingfa Group (International) Company Limited.

Aside from disclosed above, as far as is known to the Company, during the six months ended 30 June 2019, 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 arrange 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 in line 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 rental discounts.

As at 30 June 2019, the Group had a total of 8,362 employees.

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 2019, 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 one business performance conference and roadshow, one results announcement telephone conferences, and two online Q&A investor interactive session, accommodated a total of 567 investors in such events. In addition, the Company organized 91 investor receptions, attended one analyst conferences during the reporting period, hosted a total of 306 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
www.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 2019 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
23 August 2019

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

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
REVENUE	4	**15,700,017**	10,961,168
Cost of sales		**(12,442,419)**	(7,536,447)
Gross profit		**3,257,598**	3,424,721
Other income and gains	5	**1,226,289**	424,658
Selling and distribution expenses		**(1,262,931)**	(612,324)
Administrative expenses		**(1,202,789)**	(928,915)
Impairment losses on financial and contract assets, net		**(154,450)**	(148,063)
Other expenses		**(99,789)**	(116,589)
Finance costs	7	**(563,201)**	(523,965)
Share of profits of:			
Joint ventures		**215,972**	240,883
Associates		**6,741**	33,956
PROFIT BEFORE TAX	6	**1,423,440**	1,794,362
Income tax expense	8	**(211,133)**	(189,451)
PROFIT FOR THE PERIOD		**1,212,307**	1,604,911
Profit attributable to:			
Owners of the parent		**1,184,500**	1,529,979
Non-controlling interests		**27,807**	74,932
		1,212,307	1,604,911

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

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June **2019** **(Unaudited)** **RMB'000**	 2018 (Unaudited) RMB'000
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods (net of tax):			
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		**149,874**	(189,321)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**(117,900)**	(108,628)
Cash flow hedges, net of tax		**(82,901)**	57,206
Share of other comprehensive income of associates		**(7,370)**	277
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax		**(208,171)**	(51,145)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**(58,297)**	(240,466)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1,154,010**	1,364,445
Total comprehensive income attributable to:			
Owners of the parent		**1,123,873**	1,289,513
Non-controlling interests		**30,137**	74,932
		1,154,010	1,364,445
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	10	**0.30**	0.42

Interim Condensed
Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**27,103,084**	25,508,730
Investment properties		**46,226**	119,988
Right-of-use assets		**1,416,873**	–
Prepaid land lease payments		**–**	292,453
Goodwill		**474,582**	487,749
Contract assets	22	**3,221,217**	3,005,214
Other intangible assets		**3,675,836**	3,477,115
Investments in joint ventures		**3,038,933**	3,068,338
Investments in associates		**1,024,053**	592,054
Equity investments designated at fair value through other comprehensive income	12	**174,218**	408,717
Financial assets at fair value through profit or loss	13	**756,064**	679,851
Other non-current financial assets	14	**396,247**	309,717
Deferred tax assets	15	**1,720,956**	1,634,991
Financial receivables	17	**7,772,751**	7,287,309
Prepayments, other receivables and other assets	18	**1,164,237**	1,407,300
Derivative financial instruments	19	**172,329**	53,032
Pledged deposits	21	**262,780**	113,995
Total non-current assets		**52,420,386**	48,446,553
CURRENT ASSETS			
Inventories	20	**8,405,733**	4,996,682
Trade and bills receivables	16	**22,318,895**	16,895,231
Prepayments, other receivables and other assets	18	**6,683,933**	4,525,833
Financial receivables	17	**342,972**	386,762
Derivative financial instruments	19	**14,380**	25,331
Pledged deposits	21	**449,128**	38,300
Contract assets	22	**874,398**	907,433
Cash and cash equivalents	21	**5,157,592**	5,027,638
		44,247,031	32,803,210
Assets of disposal groups classified as held for sale		**125,946**	114,290
Total current assets		**44,372,977**	32,917,500

Interim Condensed
Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	23	**23,498,243**	19,999,759
Other payables and accruals	24	**9,805,806**	6,371,768
Interest-bearing bank and other borrowings	25	**5,196,293**	3,470,114
Tax payable		**265,218**	189,399
Provision		**1,702,202**	1,569,546
Total current liabilities		**40,467,762**	31,600,586
NET CURRENT ASSETS		**3,905,215**	1,316,914
TOTAL ASSETS LESS CURRENT LIABILITIES		**56,325,601**	49,763,467
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	**20,618,142**	18,864,519
Deferred tax liabilities	15	**876,131**	806,843
Provision		**1,998,221**	1,982,892
Government grants		**203,661**	298,056
Deferred income		**14,109**	25,452
Trade payables	23	**1,135,472**	1,090,612
Other payables and accruals	24	**77,940**	93,552
Derivative financial instruments	19	**326,053**	126,417
Total non-current liabilities		**25,249,729**	23,288,343
Net assets		**31,075,872**	26,475,124
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	**4,225,068**	3,556,203
Reserves		**25,287,377**	21,405,015
		29,512,445	24,961,218
Non-controlling interests		**1,563,427**	1,513,906
Total equity		**31,075,872**	26,475,124

Wu Gang
Director

Cao Zhigang
Director

	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**	**Financial assets at fair value revaluation reserve (Unaudited) RMB'000**	**Exchange fluctuation reserve (Unaudited) RMB'000**	**Other equity instruments (Unaudited) RMB'000**	**Hedging-reserve (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 2019	**3,556,203**	**8,183,278**	**–**	**1,298,871**	**(224,185)**	**(318,642)**	**1,993,618**	**(15,504)**	**10,487,579**	**24,961,218**	**1,513,906**	**26,475,124**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,184,500**	**1,184,500**	**27,807**	**1,212,307**
Other comprehensive (loss)/income for the period:												
Changes in fair value of financial assets, net of tax	**–**	**–**	**–**	**–**	**149,874**	**–**	**–**	**–**	**–**	**149,874**	**–**	**149,874**
Cash flow hedges, net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(82,901)**	**–**	**(82,901)**	**–**	**(82,901)**
Share of other comprehensive income of associates	**–**	**(7,370)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,370)**	**–**	**(7,370)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(120,230)**	**–**	**–**	**–**	**(120,230)**	**2,330**	**(117,900)**
Total comprehensive (loss)/income for the period	**–**	**(7,370)**	**–**	**–**	**149,874**	**(120,230)**	**–**	**(82,901)**	**1,184,500**	**1,123,873**	**30,137**	**1,154,010**
Capital contributions from shareholders	**668,865**	**3,916,673**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,585,538**	**–**	**4,585,538**
Capital contributions from non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17,254**	**17,254**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17,871**	**17,871**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,328)**	**(1,328)**	**(5,241)**	**(6,569)**
Final 2018 dividend declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,056,267)**	**(1,056,267)**	**–**	**(1,056,267)**
Dividends declared to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,500)**	**(10,500)**
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**(38,961)**	**–**	**–**	**–**	**38,961**	**–**	**–**	**–**
Changing from equity investments designated at fair value through other comprehensive income to investment in associates	**–**	**–**	**–**	**–**	**155,900**	**–**	**–**	**–**	**(155,900)**	**–**	**–**	**–**
Transfer to special reserve	**–**	**–**	**13,473**	**–**	**–**	**–**	**–**	**–**	**(13,473)**	**–**	**–**	**–**
Utilisation of special reserve	**–**	**–**	**(13,473)**	**–**	**–**	**–**	**–**	**–**	**13,473**	**–**	**–**	**–**
Distribution of other equity instruments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(100,589)**	**(100,589)**	**–**	**(100,589)**
At 30 June 2019	**4,225,068**	***12,092,581**	***–**	***1,298,871**	***42,628**	***(438,872)**	***1,993,618**	***(98,405)**	***10,396,956**	**29,512,445**	**1,563,427**	**31,075,872**

	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/ Financial assets at fair value revaluation reserve (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Other equity instruments (Unaudited) RMB'000	Hedging-reserve (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 2018	3,556,203	8,195,335	–	1,197,319	27,966	(151,365)	1,495,118	16,052	8,155,179	22,491,807	788,308	23,280,115
Profit for the period	–	–	–	–	–	–	–	–	1,529,979	1,529,979	74,932	1,604,911
Other comprehensive (loss)/income for the period:												
Changes in fair value of financial assets, net of tax	–	–	–	–	(189,321)	–	–	–	–	(189,321)	–	(189,321)
Cash flow hedges, net of tax	–	–	–	–	–	–	–	57,206	–	57,206	–	57,206
Share of other comprehensive income of associates	–	277	–	–	–	–	–	–	–	277	–	277
Exchange differences on translation of foreign operations	–	–	–	–	–	(108,628)	–	–	–	(108,628)	–	(108,628)
Total comprehensive (loss)/income for the period	–	277	–	–	(189,321)	(108,628)	–	57,206	1,529,979	1,289,513	74,932	1,364,445
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	19,575	19,575
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	1,131	1,131
Disposal to non-controlling shareholders	–	(3,619)	–	–	–	–	–	–	–	(3,619)	3,619	–
Final 2017 dividend declared	–	–	–	–	–	–	–	–	(711,241)	(711,241)	–	(711,241)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(859)	(859)
Transfer to special reserve	–	–	8,165	–	–	–	–	–	(8,165)	–	–	–
Utilisation of special reserve	–	–	(8,165)	–	–	–	–	–	8,165	–	–	–
Distribution of other equity instruments	–	–	–	–	–	–	–	–	(71,000)	(71,000)	–	(71,000)
At 30 June 2018	3,556,203	8,191,993	–	1,197,319	(161,355)	(259,993)	1,495,118	73,258	8,902,917	22,995,460	886,706	23,882,166

* As at 30 June 2019, these reserve accounts comprised the consolidated reserves of RMB25,287,377,000 (unaudited) in the interim condensed consolidated statement of financial position.

Interim Condensed
Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,423,440**	1,794,362
Adjustments for:			
Finance costs	7	**563,201**	523,965
Bank interest income	5	**(102,941)**	(87,524)
Share of profits of joint ventures		**(215,972)**	(240,883)
Share of profits of associates		**(6,741)**	(33,956)
Depreciation of property, plant and equipment and investment properties	6	**681,771**	570,947
Depreciation of right-of-use assets	6	**52,988**	–
Amortisation of prepaid land lease payments	6	**–**	3,765
Amortisation of other intangible assets	6	**71,446**	40,813
Gain on disposal of items of property, plant and equipment	6	**(23,055)**	(227)
Loss on disposal of items of property, plant and equipment and other intangible assets	6	**3,278**	4,878
Gain on disposal of subsidiaries, including wind farm project companies	5	**(724,135)**	–
Gain on disposal of financial assets at fair value through profit or loss	5	**–**	(45,876)
Dividend income from equity investments designated at fair value through other comprehensive income	5	**(4,534)**	(8,683)
Dividend income from other non-current financial assets	5	**(14,216)**	(7,511)
Gain on disposal of investment in an associate	5	**–**	(5,212)
Interests from other investments		**(894)**	(8,811)
Fair value losses/(gains), net:			
Derivative financial instruments			
– transactions not qualifying as hedges	5	**(2,447)**	(128)
Unlisted equity investments	5	**(60,211)**	(37,069)
Listed equity investments	5	**(21,956)**	22,159
Impairment of property, plant and equipment	6	**–**	17,378
Impairment of trade and other receivables	6	**153,115**	146,561
Impairment of contract assets	6	**905**	291
Impairment/(Reversal) of other non-current financial assets	6	**32**	(30)
Impairment of financial receivables	6	**398**	1,241
Impairment/(Reversal) of write-down of inventories to net realisable value	6	**7,365**	(38,674)
Impairment of goodwill	6	**828**	–
		1,781,665	2,611,776

	Notes	For the six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
(Increase)/Decrease in inventories		**(3,414,889)**	283,958
Increase in contract assets		**(183,092)**	(176,573)
Increase in trade and bills receivables		**(5,575,354)**	(1,216,739)
Increase in prepayments, other receivables and other assets		**(775,261)**	(506,049)
Increase in financial receivables		**(442,410)**	(1,240,808)
Increase/(Decrease) in trade and bills payables		**3,543,344**	(1,353,303)
Increase/(Decrease) in other payables and accruals		**1,943,181**	(113,854)
Increase/(Decrease) in provision		**147,985**	(698,632)
Decrease in government grants and deferred revenue		**(33,487)**	(45,502)
Cash generated used in operations		**(3,008,318)**	(2,455,726)
Interest received		**46,750**	58,037
Income tax paid		**(211,133)**	(283,473)
Net cash flows used in operating activities		**(3,172,701)**	(2,681,162)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(4,592,564)**	(2,502,236)
Additions to other intangible assets		**(58,639)**	(12,113)
Additions to right-of-use assets		**(104,104)**	–
Acquisition of subsidiaries, net of cash acquired	28	**(44,156)**	(477,704)
Purchases of interests in joint ventures		**(32,200)**	–
Purchases of interests in associates		**(210,203)**	(63,252)
Purchases of equity investments designated at fair value through other comprehensive income		**–**	(52,000)
Purchases of financial assets at fair value through profit or loss		**(330,000)**	(50,000)
Purchases of other non-current financial assets		**(37,621)**	(95,000)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		**64,200**	1,752
Disposal of subsidiaries, net of cash disposed of	29	**270,051**	(49)
Decrease/(Increase) in non-pledged time deposits with original maturity of three months or more when acquired		**3**	(820)
(Increase)/Decrease in pledged time deposits		**(25,298)**	500,000
Decrease in advances to joint ventures		**–**	2,010
Dividends received from joint ventures and associates		**35,607**	16,757
Dividend income from other non-current financial assets		**3,792**	–
Disposal of shareholding in joint ventures and associates		**306,230**	218,698
Disposal of equity investments designated at fair value through other comprehensive income		**257,154**	–
Disposal of financial assets at fair value through profit or loss		**336,826**	1,119,146
Cash from other investments		**6,912**	7,720
Net cash flows used in investing activities		**(4,154,010)**	(1,387,091)

Interim Condensed
Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

		For the six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		**6,510,036**	4,847,296
Repayment of bank loans and other borrowings		**(2,684,622)**	(2,736,302)
Interest paid		**(575,566)**	(495,230)
Capital contributions from non-controlling shareholders		**15,783**	19,575
Principal portion of lease payments/finance lease rental payments		**(25,984)**	–
Fees for new bank and other borrowings		**(59,180)**	–
Increase in loans to joint ventures and associates		**–**	10,774
Proceeds from issue of shares		**4,644,753**	–
Distribution paid relating to the perpetual medium-term notes		**–**	(50,000)
Dividends paid to non-controlling shareholders		**(12,496)**	(859)
Increase in pledged time deposits		**(388,724)**	–
Net cash flows from financing activities		**7,424,000**	1,595,254
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**97,289**	(2,472,999)
Cash and cash equivalents at beginning of the period		**5,012,017**	6,746,183
Effect of foreign exchange rate changes, net		**32,668**	(43,382)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	21	**5,141,974**	4,229,802

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 2019 have been prepared in accordance with IAS 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 2018.

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

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 *Leases*, Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* and IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

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

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB301,805,000 that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on the entity's assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review.

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

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) (Unaudited) RMB'000
Assets	
Increase in right-of-use assets	1,118,940
Decrease in property, plant and equipment	(301,805)
Decrease in prepaid land lease payments	(292,453)
Decrease in prepayments, other receivables and other assets	(30,205)
Increase in total assets	494,477
Liabilities	
Increase in lease liabilities	796,282
Decrease in interest-bearing bank and other borrowings	(301,805)
Increase in total liabilities	494,477
Decrease in retained earnings	–

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

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 as follow:

	(Unaudited) RMB'000
Operating lease commitments as at 31 December 2018	951,825
Weighted average incremental borrowing rate as at 1 January 2019	4.81%
Discounted operating lease commitments as at 1 January 2019	615,869
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	121,392
Add: Commitments relating to leases previously classified as finance leases	301,805
Lease liabilities as at 1 January 2019	796,282

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

Right-of-use assets (continued)

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within 'interest-bearing bank and other borrowings'), and the movement during the period are as follows:

	Right-of-use assets					
	Plant and machinery (Unaudited) RMB'000	Vehicles (Unaudited) RMB'000	Other equipment (Unaudited) RMB'000	Land lease payments (Unaudited) RMB'000	Subtotal (Unaudited) RMB'000	Lease liabilities (Unaudited) RMB'000
As at 1 January 2019	350,425	3,312	563	764,640	1,118,940	796,282
Additions	234,777	418	–	104,052	339,247	234,793
Transfer from investment properties	–	–	–	15,466	15,466	–
Depreciation charge	(36,356)	(902)	(99)	(15,631)	(52,988)	–
Depreciation transfer from investment properties	–	–	–	(3,792)	(3,792)	–
Interest expense	–	–	–	–	–	15,807
Payments	–	–	–	–	–	(25,984)
As at 30 June 2019	548,846	2,828	464	864,735	1,416,873	1,020,898

The Group recognised rental expenses from short-term leases of RMB61,790,000 for the six months ended 30 June 2019.

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

2.2 Changes in accounting policies and disclosures (continued)

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) IFRIC Interpretation 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The following tables present revenue and profit information about the Group's operating segments for the six months ended 30 June 2019 and 2018:

For the six months ended 30 June 2019

	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:						
Revenue from external customers	11,635,916	1,436,802	2,238,017	389,282	–	15,700,017
Intersegment sales	328,411	428,550	–	108,190	(865,151)	–
Total revenue	11,964,327	1,865,352	2,238,017	497,472	(865,151)	15,700,017
Segment results:	(307,238)	10,887	1,742,242	369,787	68,022	1,883,700
Interest income	229,413	1,352	23,044	59,478	(210,346)	102,941
Finance costs	(112,307)	–	(558,163)	(66,860)	174,129	(563,201)
Profit before tax	(190,132)	12,239	1,207,123	362,405	31,805	1,423,440
Other segment information:						
Share of profits and losses of:						
Joint ventures	–	–	178,645	37,327	–	215,972
Associates	(15,528)	–	9,681	12,588	–	6,741
Depreciation and amortisation	165,195	18,649	649,892	29,760	(43,067)	820,429
Impairment of write-down of inventories, net	7,365	–	–	–	–	7,365
Impairment of trade and other receivables, net	145,519	–	6,723	55,179	(54,306)	153,115
Impairment of financial receivables, net	–	–	–	398	–	398
Impairment of contract assets, net	905	–	–	–	–	905
Impairment of other non-current financial assets, net	–	–	32	–	–	32
Impairment of goodwill	–	–	828	–	–	828
Product warranty provision	582,173	–	–	–	(28,221)	553,952
Capital expenditure[1]	244,529	4,371	4,270,873	39,051	(37,290)	4,521,534

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 2019 and 2018: (continued)

For the six months ended 30 June 2018

	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:						
Revenue from external customers	7,988,165	619,909	2,012,154	340,940	–	10,961,168
Intersegment sales	578,427	244,623	–	10,019	(833,069)	–
Total revenue	8,566,592	864,532	2,012,154	350,959	(833,069)	10,961,168
Segment results:	675,973	771	1,315,118	274,907	(35,966)	2,230,803
Interest income	136,364	3,748	15,805	26,397	(94,790)	87,524
Finance costs	(53,241)	–	(487,631)	(12,613)	29,520	(523,965)
Profit before tax	759,096	4,519	843,292	288,691	(101,236)	1,794,362
Other segment information:						
Share of profits and losses of:						
Joint ventures	–	–	137,199	103,684	–	240,883
Associates	–	(839)	20,791	14,004	–	33,956
Depreciation and amortisation	106,739	10,353	554,864	9,824	(66,255)	615,525
Impairment of property, plant and equipment	–	–	17,378	–	–	17,378
Reversal of write-down of inventories, net	(38,674)	–	–	–	–	(38,674)
Impairment of trade and other receivables, net	151,843	(6,393)	1,584	(473)	–	146,561
Impairment of financial receivables, net	–	–	–	1,241	–	1,241
Impairment of contract assets, net	–	291	–	–	–	291
Reversal of impairment of other non-current financial assets, net	–	–	(30)	–	–	(30)
Product warranty provision	101,490	–	–	–	11,868	113,358
Capital expenditure[1]	165,757	2,013	1,815,659	656,253	(26,057)	2,613,625

[1] Capital expenditure mainly consists of additions to property, plant and equipment, other intangible assets and right-of-use assets, 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 2019 and 31 December 2018:

	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 2019 (Unaudited)	**67,279,700**	**4,093,195**	**49,711,664**	**20,975,406**	**(45,266,602)**	**96,793,363**
31 December 2018 (Audited)	55,876,476	2,981,644	45,458,844	16,320,362	(39,273,273)	81,364,053
Segment liabilities						
30 June 2019 (Unaudited)	**43,597,354**	**2,404,089**	**35,359,406**	**13,781,775**	**(29,425,133)**	**65,717,491**
31 December 2018 (Audited)	34,693,821	1,417,923	32,281,067	9,595,052	(23,098,934)	54,888,929
Investments in joint ventures						
30 June 2019 (Unaudited)	**14,451**	**–**	**2,748,668**	**332,329**	**(56,515)**	**3,038,933**
31 December 2018 (Audited)	15,891	–	2,664,565	449,920	(62,038)	3,068,338
Investments in associates						
30 June 2019 (Unaudited)	**180,412**	**8,383**	**271,704**	**563,554**	**–**	**1,024,053**
31 December 2018 (Audited)	172,021	8,383	193,184	227,024	(8,558)	592,054

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
China	**14,014,663**	10,265,096
Other countries	**1,685,354**	696,072
	15,700,017	10,961,168

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

(b) Non-current assets

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
China	**32,151,671**	31,119,642
United States of America	**1,564,940**	1,871,819
Australia	**4,412,262**	1,984,488
Germany	**509,038**	515,011
Other countries	**2,122,151**	1,689,146
	40,760,062	37,180,106

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 2019, revenues of approximately RMB2,175,319,000 were derived from sales by the wind turbine generator manufacturing and sale segment to a single customer, including sales to a group of entities which are known to be under common control with that customer, which individually accounted for over 10% of the Group's total revenue.

For the six months ended 30 June 2018, revenues of approximately RMB1,937,374,000 and RMB1,444,722,000 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

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sale of wind turbine generators and wind power components	**11,635,916**	7,988,165
Wind power generation	**2,238,017**	2,012,154
Wind power services	**1,436,802**	619,909
Others	**214,040**	219,390
	15,524,775	10,839,618
Revenue from other sources		
Gross rental income	**175,242**	121,550
	15,700,017	10,961,168

4. REVENUE (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2019 (Unaudited)

Segments	Sale of wind turbine generators and wind power components RMB'000	Wind farm development RMB'000	Wind power services RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Sale of wind turbine generators and wind power components	11,635,916	–	–	–	11,635,916
Wind power generation	–	2,238,017	–	–	2,238,017
Wind power services	–	–	1,436,802	–	1,436,802
Others	–	–	–	214,040	214,040
Total revenue from contracts with customers	11,635,916	2,238,017	1,436,802	214,040	15,524,775
Geographical markets					
China	11,101,077	2,111,515	412,789	214,040	13,839,421
Other countries	534,839	126,502	1,024,013	–	1,685,354
Total revenue from contracts with customers	11,635,916	2,238,017	1,436,802	214,040	15,524,775
Timing of revenue recognition					
Goods transferred at a point in time	11,635,916	2,238,017	–	977	13,874,910
Services transferred over time	–	–	1,436,802	213,063	1,649,865
Total revenue from contracts with customers	11,635,916	2,238,017	1,436,802	214,040	15,524,775

4. REVENUE (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the six months ended 30 June 2018 (Unaudited)

Segments	Sale of wind turbine generators and wind power components RMB'000	Wind farm development RMB'000	Wind power services RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Sale of wind turbine generators and wind power components	7,988,165	–	–	–	7,988,165
Wind power generation	–	2,012,154	–	–	2,012,154
Wind power services	–	–	619,909	–	619,909
Others	–	–	–	219,390	219,390
Total revenue from contracts with customers	7,988,165	2,012,154	619,909	219,390	10,839,618
Geographical markets					
China	7,549,626	1,837,281	537,249	219,390	10,143,546
Other countries	438,539	174,873	82,660	–	696,072
Total revenue from contracts with customers	7,988,165	2,012,154	619,909	219,390	10,839,618
Timing of revenue recognition					
Goods transferred at a point in time	7,988,165	2,012,154	–	97,309	10,097,628
Services transferred over time	–	–	619,909	122,081	741,990
Total revenue from contracts with customers	7,988,165	2,012,154	619,909	219,390	10,839,618

4. REVENUE (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligation

Information about the Group's performance obligations is summarised below:

Sale of wind turbine generators and wind power components

The contracts with customers for the sales of wind turbine include one performance obligation, which is satisfied upon delivery of the control rights of goods.

Wind power generation

The performance obligations are satisfied upon power transmission, and measured based on the volume of wind power transmitted and the applicable fixed tariff rates.

Wind power services

Wind power services include service-type warranties and construction services. Performance obligation of service-type warranties will be satisfied over the period during which the services are provided. The construction contracts between the Group and its customers usually include performance obligations for wind farm construction. The performance obligations are satisfied over time in accordance with the progress of construction.

Others

The others revenue engages in the operation of water treatment plants under the service concession arrangements, the performance obligations are satisfied over time in accordance with progress of service provided.

The remaining performance obligations expected to be recognised relate to service-type warranties that are to be satisfied within five years. All the other remaining performance obligations are expected to be recognised within one year.

5. OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Bank interest income	**102,941**	87,524
Dividend income from equity investments designated at fair value through other comprehensive income	**4,534**	8,683
Dividend income from other non-current financial assets	**14,216**	7,511
Government grants and deferred revenue	**72,311**	61,918
Value-added tax refund	**54,598**	43,634
Insurance compensation on product warranty expenditures	**69,215**	106,830
Gain on disposal of an investment in an associate	**–**	5,212
Gain on disposal of subsidiaries, including wind farm project companies	**724,135**	–
Gain on disposal of financial assets at fair value through profit or loss	**–**	45,876
Gain on disposal of items of property, plant and equipment	**23,055**	227
Fair value gains/(losses), net:		
Derivative financial instruments – transactions not qualifying as hedges	**2,447**	128
Unlisted equity investments	**60,211**	37,069
Listed equity investments	**21,956**	(22,159)
Gain on foreign exchange difference	**50,865**	–
Others	**25,805**	42,205
	1,226,289	424,658

6. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Cost of inventories sold		**10,320,513**	6,283,874
Cost of wind power generation		**654,432**	568,825
Cost of wind power services		**1,312,367**	497,949
Cost of others		**155,107**	185,799
		12,442,419	7,536,447
Depreciation provided for:			
Property, plant and equipment	11	**680,028**	568,778
Right-of-use assets		**52,988**	–
Investment properties		**1,743**	2,169
		734,759	570,947
Amortisation of prepaid land lease payments		**–**	3,765
Amortisation of other intangible assets		**71,446**	40,813
Impairment of property, plant and equipment		**–**	17,378
Impairment of trade receivables	16	**355,301**	292,453
Reversal of impairment of trade receivables	16	**(205,357)**	(147,039)
		149,944	145,414
Impairment of other receivables	18	**17,597**	1,147
Reversal of impairment of other receivables	18	**(14,426)**	–
		3,171	1,147

6. PROFIT BEFORE TAX (continued)

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

		For the six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
Impairment of financial receivables	17	**2,344**	1,241
Reversal of impairment of financial receivables	17	**(1,946)**	–
		398	1,241
Impairment of contract assets	22	**1,806**	291
Reversal of impairment of contract assets	22	**(901)**	–
		905	291
Impairment of other non-current financial assets	14	**32**	–
Reversal of impairment of other non-current financial assets	14	**–**	(30)
		32	(30)
Impairment of goodwill		**828**	–
Impairment of write-down of inventories		**7,365**	2,251
Reversal of write-down inventories		**–**	(40,925)
		7,365	(38,674)
Auditor's remuneration		**1,651**	1,651
Employee benefit expenses (including directors', supervisors' and the chief executive's remuneration):			
Wages and salaries		**812,500**	557,427
Pension scheme contributions (defined contribution scheme)		**85,327**	32,188
Welfare and other expenses		**183,892**	183,781
		1,081,719	773,396

6. PROFIT BEFORE TAX (continued)

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Research and development costs:		
Staff costs	**279,895**	213,735
Amortisation and depreciation	**27,939**	30,107
Materials expenditure and others	**117,728**	131,528
	425,562	375,370
Product warranty provision:		
Additional provision	**693,512**	447,468
Reversals of unutilised provision	**(139,560)**	(334,110)
	553,952	113,358
Government grants and deferred revenue	**(72,311)**	(61,918)
Value-added tax refund	**(54,598)**	(43,634)
Insurance compensation on product warranty expenditures	**(69,215)**	(106,830)
Foreign exchange differences, net	**(50,865)**	24,626
Fair value losses/(gains), net:		
Derivative financial instruments		
– transactions not qualifying as hedges	**(2,447)**	(128)
Unlisted equity investments	**(60,211)**	(37,069)
Listed equity investments	**(21,956)**	22,159
Dividend income from equity investments designated at fair value through other comprehensive income	**(4,534)**	(8,683)
Dividend income from other non-current financial assets	**(14,216)**	(7,511)
Bank interest income	**(102,941)**	(87,524)
Gain on disposal of subsidiaries, including wind farm project companies	**(724,135)**	–
Gain on disposal of financial assets at fair value through profit or loss	**–**	(45,876)
Gain on disposal of items of property, plant and equipment and other intangible assets	**(23,055)**	(227)
Loss on disposal of items of property, plant and equipment	**2,887**	4,878
Loss on disposal of other intangible assets	**391**	–
Gain on disposal of an investment in an associate	**–**	(5,212)

7. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans and other borrowings	**562,632**	537,666
Interest on lease liability	**15,807**	–
Less: Interest capitalised	**(15,238)**	(13,701)
	563,201	523,965

8. INCOME TAX EXPENSE

The Company and four subsidiaries of the Company have been identified as "high and new technology enterprises" and were entitled to preferential income tax at a rate of 15% for the six months ended 30 June 2019 and 2018 in accordance with the PRC Corporate Income Tax Law.

Certain subsidiaries of the Company in China, which were established after 1 January 2008 and are engaged in public infrastructure projects including wind farm 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 the respective years when operating income is generated for the first time.

Certain subsidiaries of the Company in China, which were established after 1 January 2010 are each entitled to a tax holiday of a five-year full exemption until 31 December 2020 commencing from the respective years when operating income is generated for the first time, primarily due to their status as entities engaging in development projects supported by the government in Kashgar and Horgos of the PRC.

Certain subsidiaries of the Company in 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 China were subject to corporate income tax at a rate of 25%.

Certain subsidiaries of the Company in overseas countries are subject to corporate income tax at a rate varying from 10% to 34%.

Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2018: 16.5%) on the estimated assessable profits arising in Hong Kong, China during the year.

8. INCOME TAX EXPENSE (continued)

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.

	Note	For the six months ended 30 June **2019** **(Unaudited)** **RMB'000**	 2018 (Unaudited) RMB'000
Current			
– China		**255,915**	124,088
– Elsewhere		**19,806**	31,687
		275,721	155,775
Deferred	15	**(64,588)**	33,676
Tax charge for the period		**211,133**	189,451

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 **2019** **(Unaudited)** **RMB'000**	 2018 (Unaudited) RMB'000
Profit before tax	**1,423,440**	1,794,362
Tax at the statutory tax rate of 25%	**355,860**	448,590
Effect of different income tax rates for overseas entities	**(9,671)**	(10,824)
Effect of the preferential income tax rates for domestic entities	**(151,034)**	(245,172)
Tax losses not recognised	**61,505**	56,293
Tax losses utilised from previous periods	**(1,308)**	(1,053)
Effect of not recognised deferred tax assets due to asset impairment	**1,595**	1,416
Income not subject to tax	**(1,134)**	(2,987)
Expenses not deductible for tax	**9,385**	13,644
Profits and losses attributable to joint ventures	**(53,993)**	(60,221)
Profits and losses attributable to associates	**(1,685)**	(8,489)
Others	**1,613**	(1,746)
Tax charge for the period at the effective rate	**211,133**	189,451

9. DIVIDENDS

The proposed final cash dividends of RMB2.50 (tax included) per each 10 shares, which amounted to RMB1,056,267,000 of cash dividends for the year ended 31 December 2018, were approved by the Company's shareholders on 21 June 2019.

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

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

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 2019 and 2018.

The calculation of basic and diluted earnings per share is based on:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	**1,184,500**	1,529,979
Less: distribution relating to the perpetual medium-term notes (i)	**(50,085)**	(35,208)
Profit used to determine basic earnings per share	**1,134,415**	1,494,771
Weighted average number of ordinary shares in issue ('000)	**3,845,242**	3,556,203
Basic and diluted earnings per shares (expressed in RMB per share)	**0.30**	0.42

(i) The long-term option-embedded medium-term notes (the "Perpetual Medium-term Notes") issued by the Company in May 2016, September 2016 and December 2018 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The interest from Perpetual Medium-term Notes which has been generated but not yet declared, from 1 January 2019 to 30 June 2019 and from 1 January 2018 to 30 June 2018, was deducted from earnings when calculating the earnings per share for the six months ended 30 June 2019 and 2018.

11. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June 2019					
	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 31 December 2018	1,273,106	21,544,495	116,206	647,360	5,755,106	29,336,273
Effect of adoption of IFRS 16	–	(160,136)	–	–	(142,310)	(302,446)
As at 1 January 2019 (restated)	1,273,106	21,384,359	116,206	647,360	5,612,796	29,033,827
Additions	2,300	154,953	3,686	27,141	4,199,557	4,387,637
Disposals	(8,464)	(30,402)	(4,706)	(8,853)	(319)	(52,744)
Acquisition of subsidiaries (note 28)	–	–	–	–	197	197
Disposals of subsidiaries (note 29)	–	(1,777,785)	(242)	(1,151)	(13,676)	(1,792,854)
Transfers	–	1,826,886	–	243	(1,827,129)	–
Transfer to right-of-use assets	–	–	–	–	(2,971)	(2,971)
Transfer from investment properties	66,574	–	–	–	–	66,574
Unrealised gains realised for the period	–	(276,151)	–	–	–	(276,151)
Exchange realignment	(607)	(3,960)	(64)	(907)	(2,492)	(8,030)
At 30 June 2019	1,332,909	21,277,900	114,880	663,833	7,965,963	31,355,485
Accumulated depreciation and impairment:						
At 31 December 2018	(210,120)	(3,235,069)	(53,023)	(290,920)	(38,411)	(3,827,543)
Effect of adoption of IFRS 16	–	641	–	–	–	641
As at 1 January 2019 (restated)	(210,120)	(3,234,428)	(53,023)	(290,920)	(38,411)	(3,826,902)
Depreciation provided during the period (note 6)	(19,166)	(612,369)	(6,635)	(41,858)	–	(680,028)
Disposals	2,423	16,082	2,488	6,422	–	27,415
Disposals of subsidiaries (note 29)	–	220,148	81	388	–	220,617
Transfer from investment properties	(20,434)	–	–	–	–	(20,434)
Depreciation from unrealised gains	–	25,110	–	–	–	25,110
Exchange realignment	84	973	699	65	–	1,821
At 30 June 2019	(247,213)	(3,584,484)	(56,390)	(325,903)	(38,411)	(4,252,401)
Net carrying amount:						
At 30 June 2019	1,085,696	17,693,416	58,490	337,930	7,927,552	27,103,084
At 31 December 2018	1,062,986	18,309,426	63,183	356,440	5,716,695	25,508,730

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Year ended 31 December 2018					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2018	1,229,289	19,060,546	122,675	662,200	4,796,574	25,871,284
Additions	30,023	352,160	13,267	43,731	5,312,192	5,751,373
Disposals	–	(20,526)	(19,161)	(54,990)	(8,498)	(103,175)
Acquisition of subsidiaries	3,617	102,582	1,725	–	768	108,692
Disposals of subsidiaries	–	(2,259,446)	(1,968)	(665)	(24,807)	(2,286,886)
Transfers	79,200	4,245,397	–	8,429	(4,333,026)	–
Transfer to investment properties	(63,666)	–	–	–	–	(63,666)
Transfer to prepaid land lease payments	–	–	–	–	(10,072)	(10,072)
Exchange realignment	(5,357)	63,782	(332)	(11,345)	21,975	68,723
At 31 December 2018	1,273,106	21,544,495	116,206	647,360	5,755,106	29,336,273
Accumulated depreciation and impairment:						
At 1 January 2018	(175,894)	(2,487,251)	(46,723)	(285,166)	(37,771)	(3,032,805)
Depreciation provided during the year	(41,197)	(1,098,946)	(12,949)	(60,596)	–	(1,213,688)
Disposals	–	5,584	7,122	48,388	6,760	67,854
Acquisition of subsidiaries	(3)	(4,944)	(954)	–	–	(5,901)
Disposals of subsidiaries	–	372,776	699	350	–	373,825
Transfer to investment properties	7,250	–	–	–	–	7,250
Impairment	–	(10,022)	–	–	(7,400)	(17,422)
Exchange realignment	(276)	(12,266)	(218)	6,104	–	(6,656)
At 31 December 2018	(210,120)	(3,235,069)	(53,023)	(290,920)	(38,411)	(3,827,543)
Net carrying amount:						
At 31 December 2018	1,062,986	18,309,426	63,183	356,440	5,716,695	25,508,730
At 1 January 2018	1,053,395	16,573,295	75,952	377,034	4,758,803	22,838,479

12. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Listed equity investments	**–**	171,623
Unlisted equity investments	**174,218**	237,094
	174,218	408,717

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Listed equity investments	**217,023**	132,621
Unlisted equity investments	**539,041**	541,330
Corporate wealth management products	**–**	5,900
Portion classified as non-current portion	**756,064**	679,851

14. OTHER NON-CURRENT FINANCIAL ASSETS

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Corporate bonds	**49,980**	49,996
Debt investments	**346,615**	260,037
	396,595	310,033
Provision for other non-current financial assets	**(348)**	(316)
	396,247	309,717

The movements in the provision for other non-current financial assets are as follows:

	Note	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
At beginning of the period/year		**316**	305
Impairment losses recognised	6	**32**	114
Impairment losses reversed	6	**–**	(103)
At end of the period/year		**348**	316

In December 2016, the Company subscribed for the 2016 corporate bonds issued by Xinjiang New Energy (Group) Co., Ltd. with an aggregate principal amount of RMB50,000,000, maturing in 2021 with an applicable interest rate of 5.1% per annum. The issue price for each of the corporate bonds is RMB100.

15. DEFERRED TAX

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

For the six months ended 30 June 2019

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	Fair value adjustments of equity investments at fair value through other comprehensive income/ profit or loss (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2019	253,371	50,143	688,975	27,402	524,301	34,236	56,563	1,634,991
Deferred tax credited/(charged) to profit or loss during the year (note 8)	31,631	155,035	(1,848)	(4,238)	(55,901)	(1,965)	(4,493)	118,221
Deferred tax charged to other comprehensive income during the year	–	–	–	–	–	(32,256)	–	(32,256)
At 30 June 2019	285,002	205,178	687,127	23,164	468,400	15	52,070	1,720,956

15. DEFERRED TAX (continued)

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

For the six months ended 30 June 2019 (continued)

Deferred tax liabilities

	Excess of fair values of identifiable assets over carrying values arising from acquisition of subsidiaries (Unaudited) RMB'000	Depreciation of assets (Unaudited) RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/ profit or loss (Unaudited) RMB'000	Service concession arrangements (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2019	533,719	22,912	64,419	130,599	55,194	806,843
Deferred tax charged/(credited) to profit or loss during the year (note 8)	(10,321)	(251)	45,619	8,241	10,345	53,633
Deferred tax charged to other comprehensive income during the year	–	–	(3,229)	–	–	(3,229)
Deferred tax generated from acquisition of subsidiaries (note 28)	11,439	–	–	–	–	11,439
Exchange realignment	7,421	24	–	–	–	7,445
At 30 June 2019	542,258	22,685	106,809	138,840	65,539	876,131

15. DEFERRED TAX (continued)

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

For the year ended 31 December 2018

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	Fair value adjustments of equity investments at fair value through other comprehensive income/ profit or loss (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
At 1 January 2018	231,130	43,424	706,043	18,523	599,296	–	31,869	1,630,285
Deferred tax credited/(charged) to profit or loss during the year	22,241	6,719	(17,068)	8,879	(74,995)	1,977	24,510	(27,737)
Deferred tax charged to other comprehensive income during the year	–	–	–	–	–	32,259	–	32,259
Deferred tax generated from acquisition of subsidiaries	–	–	–	–	–	–	184	184
At 31 December 2018	253,371	50,143	688,975	27,402	524,301	34,236	56,563	1,634,991

15. DEFERRED TAX (continued)

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

For the year ended 31 December 2018 (continued)

Deferred tax liabilities

	Excess of fair values of identifiable assets over carrying values arising from acquisition of subsidiaries (Audited) RMB'000	Depreciation of assets (Audited) RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive (Audited) RMB'000	Service concession arrangements (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
At 1 January 2018	352,185	14,569	–	53,702	31,964	452,420
Deferred tax charged/(credited) to profit or loss during the year	(22,137)	7,519	60,455	18,326	23,230	87,393
Deferred tax charged to other comprehensive income during the year	–	–	3,964	–	–	3,964
Deferred tax generated from acquisition of subsidiaries	185,151	–	–	58,571	–	243,722
Exchange realignment	18,520	824	–	–	–	19,344
At 31 December 2018	533,719	22,912	64,419	130,599	55,194	806,843

16. TRADE AND BILLS RECEIVABLES

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Trade receivables	**21,005,894**	16,048,239
Bills receivable	**2,689,925**	2,072,226
	23,695,819	18,120,465
Provision for impairment	**(1,376,924)**	(1,225,234)
	22,318,895	16,895,231

Analysis for reporting purpose as:

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Trade receivables, net	**19,628,970**	14,823,005
Bills receivable	**2,689,925**	2,072,226
	22,318,895	16,895,231

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade 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 receivables are non-interest-bearing.

As part of its normal business, the Group endorsed or discounted bills receivable accepted by banks, bills receivable are held within a business model whose objective is achieved by both collecting contractual cash flows and selling bills receivable. Therefore, the Group has classified bills receivable presented in trade and bills receivable as at 30 June 2019 amounting RMB2,689,925,000 (31 December 2018: RMB2,072,226,000) as financial assets measured at fair value through other comprehensive income.

16. 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 loss allowance, is as follows:

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Within 3 months	**6,566,356**	6,912,184
3 to 6 months	**4,537,736**	2,114,803
6 months to 1 year	**4,768,461**	2,787,902
1 to 2 years	**3,928,614**	3,036,094
2 to 3 years	**1,161,721**	928,533
Over 3 years	**1,356,007**	1,115,715
	22,318,895	16,895,231

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

	Note	**As at 30 June 2019 (Unaudited) RMB'000**	As at 31 December 2018 (Audited) RMB'000
At beginning of the period/year		**1,225,234**	1,188,275
Impairment losses recognised	6	**355,301**	534,601
Impairment losses reversed	6	**(205,357)**	(485,320)
Amounts written off as uncollectible		**(235)**	(25,263)
Acquisition of a subsidiary		**–**	12,387
Exchange realignment		**1,981**	554
At end of the period/year		**1,376,924**	1,225,234

16. TRADE AND BILLS RECEIVABLES (continued)

The amount due from beneficial shareholders, Xinjiang Wind Power Company Limited ("Xinjiang Wind Power") (新疆風能有限責任公司) and China Three Gorges New Energy Co., Ltd. (中國三峽新能源有限公司), 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 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Beneficial shareholders of the Company	**973,385**	1,421,423
Joint ventures	**902,274**	737,228
Associates	**5,851**	7,680
	1,881,510	2,166,331

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

17. FINANCIAL RECEIVABLES

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Receivables for service concession agreements	**3,181,789**	2,884,777
Receivables for finance lease services	**4,961,975**	4,816,577
Provision for impairment	**(28,041)**	(27,283)
	8,115,723	7,674,071
Portion classified as non-current assets	**(7,772,751)**	(7,287,309)
Current portion	**342,972**	386,762

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.

17. 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.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. The movements in the loss allowance for impairment of financial receivables are as follows:

	Note	**30 June 2019 (Unaudited) RMB'000**	31 December 2018 (Audited) RMB'000
At beginning of the period/year		**27,283**	4,976
Impairment losses recognised	6	**2,344**	22,249
Impairment losses reversed	6	**(1,946)**	–
Exchange realignment		**360**	58
At end of the period/year		**28,041**	27,283

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Advances to suppliers	**2,822,027**	1,982,969
Prepayments	**246,068**	364,497
Deductible VAT	**2,516,671**	2,205,561
Deposits and other receivables	**2,359,110**	1,473,705
	7,943,876	6,026,732
Provision for impairment of deposits and other receivables	**(95,706)**	(93,599)
	7,848,170	5,933,133
Portion classified as non-current assets (i)	**(1,164,237)**	(1,407,300)
Current portion	**6,683,933**	4,525,833

(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 2019 and 31 December 2018.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

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

	Note	For the six months ended 30 June 2019 (Unaudited) RMB'000	For the year ended 31 December 2018 (Audited) RMB'000
At beginning of the period/year		**93,599**	41,354
Impairment losses recognised	6	**17,597**	36,403
Impairment losses reversed	6	**(14,426)**	(10,130)
Amounts written off as uncollectible		**(1,153)**	(421)
Acquisition of a subsidiary		**–**	26,329
Exchange realignment		**89**	64
At end of the period/year		**95,706**	93,599

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

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Joint ventures	**85,479**	73,427
Associates	**33,152**	194,816
	118,631	268,243

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

19. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2019		As at 31 December 2018	
	Assets (Unaudited) RMB'000	**Liabilities (Unaudited) RMB'000**	Assets (Audited) RMB'000	Liabilities (Audited) RMB'000
Power price swap contract	**172,311**	**–**	52,929	–
Foreign currency contracts	**14,380**	**–**	25,331	–
Interest rate swaps	**18**	**326,053**	103	126,417
	186,709	**326,053**	78,363	126,417
Portion classified as non-current:				
Power price swap contract	**(172,311)**	**–**	(52,929)	–
Interest rate swaps	**(18)**	**(326,053)**	(103)	(126,417)
	(172,329)	**(326,053)**	(53,032)	(126,417)
Current portion	**14,380**	**–**	25,331	–

20. INVENTORIES

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Raw materials	**3,392,600**	1,932,201
Work in progress, finished and semi-finished goods	**5,002,594**	3,058,478
Low-value consumables and others	**10,539**	6,003
	8,405,733	4,996,682

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Cash and bank balances	**5,548,322**	4,903,096
Time deposits	**321,178**	276,837
	5,869,500	5,179,933
Less: Pledged time deposits:		
– Bank loans, letters of credit, bills issued and others	**(449,128)**	(38,300)
– Provision for risk	**(262,780)**	(113,995)
	(711,908)	(152,295)
Cash and cash equivalents in the interim condensed consolidated statement of financial position	**5,157,592**	5,027,638
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**(15,618)**	(15,621)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	**5,141,974**	5,012,017
Pledged deposits	**711,908**	152,295
Portion classified as non-current assets	**(262,780)**	(113,995)
Current portion	**449,128**	38,300
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**4,037,186**	3,671,962
– United States dollar	**526,700**	522,300
– Euro	**296,751**	249,758
– Hong Kong dollar	**13,259**	15,644
– Australian dollar	**910,668**	612,817
– Other currencies	**84,936**	107,452
	5,869,500	5,179,933

22. CONTRACT ASSETS

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Contract assets arising from:		
Retention receivables on the sale of wind turbines (i)	**3,352,690**	2,964,288
Construction services (ii)	**298,930**	271,236
Services concession arrangement	**392,716**	681,575
Others	**55,855**	–
	4,100,191	3,917,099
Impairment	**(4,576)**	(4,452)
	4,095,615	3,912,647
Portion classified as non-current assets	**(3,221,217)**	(3,005,214)
Current portion	**874,398**	907,433

(i) 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.

(ii) Contract assets are initially recognised for revenue earned from the provision of construction services. Upon billing of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The movements in the loss allowance for impairment of contract assets are as follows:

	Note	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
At beginning of period/year		**4,452**	2,920
Impairment losses recognised	6	**1,806**	1,532
Impairment losses reversed	6	**(901)**	–
Amounts written off as uncollectible		**(781)**	–
At end of the period/year		**4,576**	4,452

23. TRADE AND BILLS PAYABLES

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Trade payables	**16,762,677**	14,868,880
Bills payable	**7,871,038**	6,221,491
	24,633,715	21,090,371
Portion classified as non-current liabilities (i)	**(1,135,472)**	(1,090,612)
Current portion	**23,498,243**	19,999,759

(i) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 30 June 2019 and 31 December 2018.

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 six years after the completion of the preliminary acceptance of goods.

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 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Within 3 months	**15,358,174**	13,808,826
3 to 6 months	**4,679,765**	3,799,108
6 months to 1 year	**2,021,555**	1,516,255
1 to 2 years	**1,242,336**	845,241
2 to 3 years	**622,065**	541,662
Over 3 years	**709,820**	579,279
	24,633,715	21,090,371

23. TRADE AND BILLS PAYABLES (continued)

The amounts due to the Group's beneficial shareholders of the Company, joint ventures and associates included in the trade and bills payables are as follows:

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Beneficial shareholders of the Company	**58,669**	237
Joint ventures	**79,870**	4,442
Associates	**219,945**	309,870
	358,484	314,549

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.

24. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Advances from customers	**4,410**	8,963
Contract liabilities (ii)	**6,978,697**	4,062,463
Accrued salaries, wages and benefits	**485,001**	702,703
Other taxes payable	**192,386**	273,514
Interest payable	**80,720**	74,676
Dividends payable	**1,183,655**	76,798
Others	**958,877**	1,266,203
	9,883,746	6,465,320
Portion classified as non-current liabilities (i)	**(77,940)**	(93,552)
Current portion	**9,805,806**	6,371,768

(i) The non-current portion of other payables mainly represented guarantee amounts held by the Group as at 30 June 2019 and 31 December 2018.

24. OTHER PAYABLES AND ACCRUALS (continued)

(ii) Details of contract liabilities as at 30 June 2019 and 31 December 2018 are as follows:

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Short-term advances received from customers	**5,871,977**	3,623,954
Amounts due to contract customers	**1,106,720**	438,509
Total contract liabilities	**6,978,697**	4,062,463

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

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Beneficial shareholders of the Company	**89,251**	55,651
Joint ventures	**86,402**	84,985
Associates	**2,415**	4,038
	178,068	144,674

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

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short-term bank loans:						
– Unsecured	2.92-4.35	2019-2020	1,991,331	2.65 – 6 months LIBOR +1.85	2019	1,707,501
– Secured	4.79	2019-2020	100,000	4.16-5.22	2019	330,000
Current portion of long-term bank loans:						
– Unsecured	1.20-5.15	2019-2020	1,060,331	1.20 – 6 months LIBOR+3.5	2019	123,293
– Secured	3.25-8.96	2019-2020	1,166,081	3.25-9.28	2019	1,059,492
Corporate bonds:						
– Unsecured	3.70	2019	500,000			–
– Secured	3.90	2019-2020	255,943	3.90	2019	249,828
Lease liabilities:						
– Secured	4.75-5.29	2019-2020	122,276			–
Other borrowings:						
– Unsecured	4.90	2019-2020	331			–
			5,196,293			3,470,114
Non-current						
Long-term bank loans:						
– Unsecured	1.20-5.15	2020-2026	2,090,599	1.20-5.00	2020-2026	4,381,185
– Secured	3.25-6.12	2020-2035	17,215,251	3.25-9.16	2020-2035	13,619,350
Corporate bonds:						
– Secured	3.90-4.50	2020-2021	413,670	3.40-4.50	2020-2021	559,825
Lease liabilities:						
– Secured	4.75-5.29	2020-2048	898,622	5.29	2020-2028	304,159
			20,618,142			18,864,519
			25,814,435			22,334,633
Interest-bearing bank and other borrowings are denominated in:						
– RMB			19,264,170			17,518,679
– Euro			67,605			72,291
– United States dollar			4,861,613			4,094,585
– Australian dollar			1,621,047			649,078
			25,814,435			22,334,633

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The maturity profile of the interest-bearing bank and other borrowings as at 30 June 2019 and 31 December 2018 is as follows:

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**4,317,743**	3,220,286
In the second year	**2,466,810**	5,434,877
In the third to fifth years, inclusive	**4,982,306**	4,677,335
Above five years	**11,856,734**	7,888,323
	23,623,593	21,220,821
Other borrowings repayable:		
Within one year	**878,549**	249,828
In the second year	**475,916**	295,360
In the third to fifth years, inclusive	**465,574**	387,509
Above five years	**370,803**	181,115
	2,190,842	1,113,812
	25,814,435	22,334,633

26. SHARE CAPITAL

	As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
	Number of shares '000	Value RMB'000	Number of shares '000	Value RMB'000
Shares				
Issued and fully paid:				
A shares of RMB1.00 each	**3,451,496**	**3,451,496**	2,906,142	2,906,142
H shares of RMB1.00 each	**773,572**	**773,572**	650,061	650,061
	4,225,068	**4,225,068**	3,556,203	3,556,203

The Company completed the A Share and H Share Rights Issues through the Shenzhen Stock Exchange and the Hong Kong Stock Exchange on March 27, 2019 and April 23, 2019 respectively. The A Share Rights Issue is conducted on the basis of 1.9 A Rights Shares for every 10 existing A Shares. The H Share Rights Issue is conducted on the basis of 1.9 H Rights Shares for every 10 existing H Shares. After the completion of the rights issues, the total number of issued shares of the Company increased from 3,556,203,000 to 4,225,068,000.

27. 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 long-term option-embedded medium-term notes (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.

In December 2018, the Company issued the Perpetual Medium-term Notes in an aggregate amount of RMB500 million at the initial distribution rate of 6%. The proceeds from issuance of the Perpetual Medium-term Notes after deducted the issuance costs were RMB498,500,000. 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.

28. BUSINESS COMBINATIONS

For the six months ended 30 June 2019, the following entities were acquired from independent 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**
Ningbo Pingru Morten Energy Technology Co., Ltd.	January 2019	100%	RMB15,000,000
Henan Jiemei New Energy Co., Ltd.	February 2019	51%	RMB18,600,000

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	11	197
Other intangible assets		62,919
Prepayments, other receivables and other assets		4,413
Cash and cash equivalents		335
Trade and bills payables		(116)
Other payables and accruals		(4,838)
Deferred tax liabilities	15	(11,439)
Total identifiable net assets at fair value		51,471
Non-controlling interests		(17,871)
Total consideration		33,600
Satisfied by cash		33,600

28. BUSINESS COMBINATIONS (continued)

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

	(Unaudited) RMB'000
Cash consideration	(33,600)
Cash and cash equivalents paid	(17,831)
Cash and cash equivalents acquired	335
	(17,496)
Cash and cash equivalents paid for prior year transactions	(26,660)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(44,156)

Since the acquisitions, the acquired companies incurred a loss of RMB3,000 to the Group's profit for the six months ended 30 June 2019.

Had the acquisitions taken place at the beginning of the period, the profit after tax of the Group for the six months ended 30 June 2019 would have been RMB1,212,304,000.

29. DISPOSAL OF SUBSIDIARIES

On 7 May 2019, the Group disposed of its 100% equity interests in Musselshell Wind Project One Holdings, LLC and Musselshell Wind Project Two Holdings, LLC to an independent third party for a total cash consideration of USD28,419,387.

On 28 June 2019, the Group disposed of its 100% equity interests in Dezhou Runjin New Energy Co., Ltd. and Toxon Fengcheng New Energy Co., Ltd. to an independent third party for a cash consideration of RMB930,780,000 and RMB173,400,000, respectively.

29. DISPOSAL OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the six months ended 30 June 2019 were as follows:

	Notes	(Unaudited) RMB'000
Net assets disposed of:		
Property, plant and equipment	11	1,572,237
Goodwill		7,678
Other intangible assets		8,566
Trade and bills receivables		399,273
Prepayments, other receivables and other assets		151,932
Cash and cash equivalents		26,867
Inventories		47
Trade and bills payables		(60,789)
Interest-bearing bank and other borrowings		(1,465,811)
Other payables and accruals		(64,633)
		575,367
Gain on disposal of subsidiaries	5	724,135
Satisfied by cash		1,299,502

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	1,299,502
Cash received during the period	296,918
Cash and cash equivalents disposed of	(26,867)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	270,051

30. CONTINGENT LIABILITIES

As at 30 June 2019 and 31 December 2018, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Letters of credit issued	**14,792**	29,890
Letters of guarantee issued	**23,278,536**	17,696,283
Guarantees given to banks in connection with bank loans granted to:		
Associates	**417,984**	324,964
A third party	**273,595**	274,655
	23,984,907	18,325,792

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, in the case where Chifeng Xinneng fails to repay the bank loans on schedule, Beijing Tianrun shall repurchase the entire share interest in Chifeng Xinneng, and the consideration equals a certain percentage of the net assets of Chifeng Xinneng at that time. Up to 30 June 2019, Chifeng Xinneng made profit, and the risk exposure from the above repurchase clause was insignificant.

The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

31. 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 four years.

As at 30 June 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2019 (Unaudited) RMB'000
Within one year	**2,843**
In the second to fourth years, inclusive	**6,281**
	9,124

(b) As lessee

Rental fee supplemental information

The Group used the elective practical expedients when applying IFRS 16 and did not recognise the right-of-use assets and lease liabilities for the short-term lease and low-value asset leases. The variable lease payments for short-term leases are included in the current expenses as follows:

	For the six months ended 30 June (Unaudited) RMB'000
Short-term rental fee	**61,790**

31. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee (continued)

Rental fee supplemental information (continued)

As at 30 June 2019 and 31 December 2018, the Group had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

	As at 31 December 2018 (Audited) RMB'000
Within one year	176,740
In the second to fifth years, inclusive	215,773
After five years	559,312
	951,825

32. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
Contracted, but not provided for property, plant and equipment and land use rights	**9,985,935**	3,287,895

33. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Continuing transactions		
Beneficial shareholders of the Company:		
Sales of wind turbine generators and spare parts	**317,713**	667,731
Provision of technical services	**49,493**	–
	367,206	667,731
Associates:		
Sales of wind turbine generators and spare parts	**24,725**	6,625
Purchases of spare parts	**120,656**	68,844
Purchases of processing services	**116,015**	71,326
Provision of technical services	**92**	302
Others	**–**	1,964
	261,488	149,061
Joint ventures:		
Sales of wind turbine generators and spare parts	**763**	212,026
Purchases of spare parts	**2,965**	2,802
Provision of technical services	**21,993**	1,126
Others	**82,478**	28,142
	108,199	244,096

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.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amount of total transactions with related parties for the period is included in note 33(a) to the interim condensed consolidated financial statements. The Group expects the total transactions with related parties as follows:

	The second half of 2019 (Unaudited) RMB'000	Year ended 31 December 2020 (Unaudited) RMB'000
Continuing transactions		
Beneficial shareholders of the Company:		
Sales of wind turbine generators and spare parts	2,059,220	1,458,947
Purchases of spare parts	150,000	3,000,000
	2,209,220	4,458,947
Associates:		
Provision of technical services	15,296	34,792
Purchases of spare parts	1,046,184	2,342,063
	1,061,480	2,376,855
Jointly-controlled entities:		
Purchases of spare parts	3,000	8,000

(c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 16, 18, 23 and 24 to these interim condensed consolidated financial statements.

33. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short term employee benefits	**7,558**	7,708
Pension scheme contributions	**262**	238
Total compensation paid to key management personnel	**7,820**	7,946

(e) Guarantee for a related party

Guarantee	As at 30 June 2019 (Unaudited) RMB'000	Guarantee period
An associate	**337,092**	From 28 May 2018 to 21 July 2023
An associate	**80,892**	From 28 March 2019 to 28 March 2024
	417,984	

The related party transactions with beneficial shareholders in the Company above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

34. 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 2019

Financial assets

	Financial assets at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	–	–	174,218	–	174,218
Financial assets at fair value through profit or loss	539,041	217,023	–	–	756,064
Other non-current financial assets	–	–	–	396,247	396,247
Trade and bills receivables	–	–	2,689,925	19,628,970	22,318,895
Financial receivables	–	–	–	8,115,723	8,115,723
Financial assets included in prepayments, other receivables and other assets	–	–	–	2,263,403	2,263,403
Derivative financial instruments	–	2,559	184,150	–	186,709
Contract assets	–	–	–	392,716	392,716
Pledged deposits	–	–	–	711,908	711,908
Cash and cash equivalents	–	–	–	5,157,592	5,157,592
	539,041	219,582	3,048,293	36,666,559	40,473,475

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 30 June 2019 (continued)

Financial liabilities

	Financial liabilities at fair value through other comprehensive income RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	24,633,715	24,633,715
Financial liabilities included in other payables and accruals	–	2,199,593	2,199,593
Derivative financial instruments	326,053	–	326,053
Interest-bearing bank and other borrowings	–	25,814,435	25,814,435
	326,053	52,647,743	52,973,796

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2018

Financial assets

	Financial assets at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	–	–	408,717	–	408,717
Financial assets at fair value through profit or loss	541,330	138,521	–	–	679,851
Other non-current financial assets	–	–	–	309,717	309,717
Trade and bills receivables	–	–	2,072,226	14,823,005	16,895,231
Financial receivables	–	–	–	7,674,071	7,674,071
Financial assets included in prepayments, other receivables and other assets	–	–	–	1,380,107	1,380,107
Derivative financial instruments	–	1,527	76,836	–	78,363
Contract assets	–	–	–	681,575	681,575
Pledged deposits	–	–	–	152,295	152,295
Cash and cash equivalents	–	–	–	5,027,638	5,027,638
	541,330	140,048	2,557,779	30,048,408	33,287,565

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2018 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss			
	Held for trading RMB'000	Financial liabilities at fair value through other comprehensive income RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	–	21,090,371	21,090,371
Financial liabilities included in other payables and accruals	–	–	1,400,724	1,400,724
Derivative financial instruments	6,815	119,602	–	126,417
Interest-bearing bank and other borrowings	–	–	22,334,633	22,334,633
	6,815	119,602	44,825,728	44,952,145

35. 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 amounts		Fair values	
	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000	**As at 30 June 2019 RMB'000**	As at 31 December 2018 RMB'000
Financial assets				
Other non-current financial assets	**396,247**	309,717	**450,641**	389,701
Financial receivables, non-current portion	**7,772,751**	7,287,309	**7,772,751**	7,287,309
Equity investments designated at fair value through other comprehensive income	**174,218**	408,717	**174,218**	408,717
Financial assets at fair value through profit or loss	**756,064**	679,851	**756,064**	679,851
Contract assets	**392,716**	681,575	**392,716**	681,575
Financial assets included in prepayments, other receivables and other assets, non-current portion	**12,261**	97,261	**12,261**	97,261
	9,504,257	9,464,430	**9,558,651**	9,544,414
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	**20,618,142**	18,864,519	**20,529,318**	18,771,641
Trade and bills payables, non-current portion	**1,135,472**	1,090,612	**1,144,934**	1,068,596
Financial liabilities included in other payables and accruals, non-current portion	**77,940**	93,552	**77,940**	93,552
	21,831,554	20,048,683	**21,752,192**	19,933,789

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

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, the current portion of trade and bills receivables, the current portion of financial receivables, the current portion of trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables 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.

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 pledged deposits, trade and bills receivables, financial receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, 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 2019 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted equity investments designated at fair value through other comprehensive income, which were previously classified as available-for-sale equity investments, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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

The Group invests in unlisted investments, which represent wealth management products issued by banks in China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with the financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contracts, foreign currency swaps, interest rate swaps and power price swaps contracts, 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, interest rate curves and power price trend. The carrying amounts of the derivative financial instruments are the same as their fair values.

As at 30 June 2019, the marked to market value of the derivatives was net of a credit/debit valuation adjustment attributable to derivative counterparty default risk. As at 30 June 2019, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

35. 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 2019

	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
Equity investments designated at fair value through other comprehensive income：				
Unlisted equity investments	–	174,218	–	174,218
Trade and bills receivables	–	2,689,925	–	2,689,925
	–	2,864,143	–	2,864,143
Financial assets at fair value through profit or loss：				
Listed equity investments	217,023	–	–	217,023
Unlisted equity investments	–	539,041	–	539,041
	217,023	539,041	–	756,064
Derivative financial instruments：				
Power price swap contract	–	172,311	–	172,311
Foreign exchange forward contracts	–	14,380	–	14,380
Interest rate swap	–	18	–	18
	–	186,709	–	186,709
	217,023	3,589,893	–	3,806,916

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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2018

	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
Equity investments designated at fair value through other comprehensive income：				
Listed equity investments	171,623	–	–	171,623
Unlisted equity investments	–	237,094	–	237,094
Trade and bills receivables	–	2,072,226	–	2,072,226
	171,623	2,309,320	–	2,480,943
Financial assets at fair value through profit or loss：				
Listed equity investments	132,621	–	–	132,621
Unlisted equity investments	–	541,330	–	541,330
Other financial assets	–	5,900	–	5,900
	132,621	547,230	–	679,851
Derivative financial instruments：				
Power price swap contract	–	52,929	–	52,929
Foreign exchange forward contracts	–	25,331	–	25,331
Interest rate swaps	–	103	–	103
	–	78,363	–	78,363
	304,244	2,934,913	–	3,239,157

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

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 30 June 2019

	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:				
Interest rate swap	**–**	**326,053**	**–**	**326,053**

As at 31 December 2018

	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
Derivative financial instruments:				
Interest rate swaps	–	126,417	–	126,417

During the six months ended 30 June 2019, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

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

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 30 June 2019

	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	–	262,780	–	262,780
Financial receivables, non-current portion	–	7,772,751	–	7,772,751
Financial assets included in prepayments, other receivables and other assets, non-current portion	–	12,261	–	12,261
Contract assets	–	392,716	–	392,716
Other non-current financial assets	–	450,641	–	450,641
	–	8,891,149	–	8,891,149

As at 31 December 2018

	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	–	113,995	–	113,995
Financial receivables, non-current portion	–	7,287,309	–	7,287,309
Financial assets included in prepayments, other receivables and other assets, non-current portion	–	97,261	–	97,261
Contract assets	–	681,575	–	681,575
Other non-current financial assets	–	389,701	–	389,701
	–	8,569,841	–	8,569,841

35. 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 2019

	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	–	20,529,318	–	20,529,318
Trade and bills payables, non-current portion	–	1,144,934	–	1,144,934
Financial liabilities included in other payables and accruals, non-current portion	–	77,940	–	77,940
	–	21,752,192	–	21,752,192

As at 31 December 2018

	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	–	18,771,641	–	18,771,641
Trade and bills payables, non-current portion	–	1,068,596	–	1,068,596
Financial liabilities included in other payables and accruals, non-current portion	–	93,552	–	93,552
	–	19,933,789	–	19,933,789

36. EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there was not any significant subsequent event since 30 June 2019.

37. 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 23 August 2019.