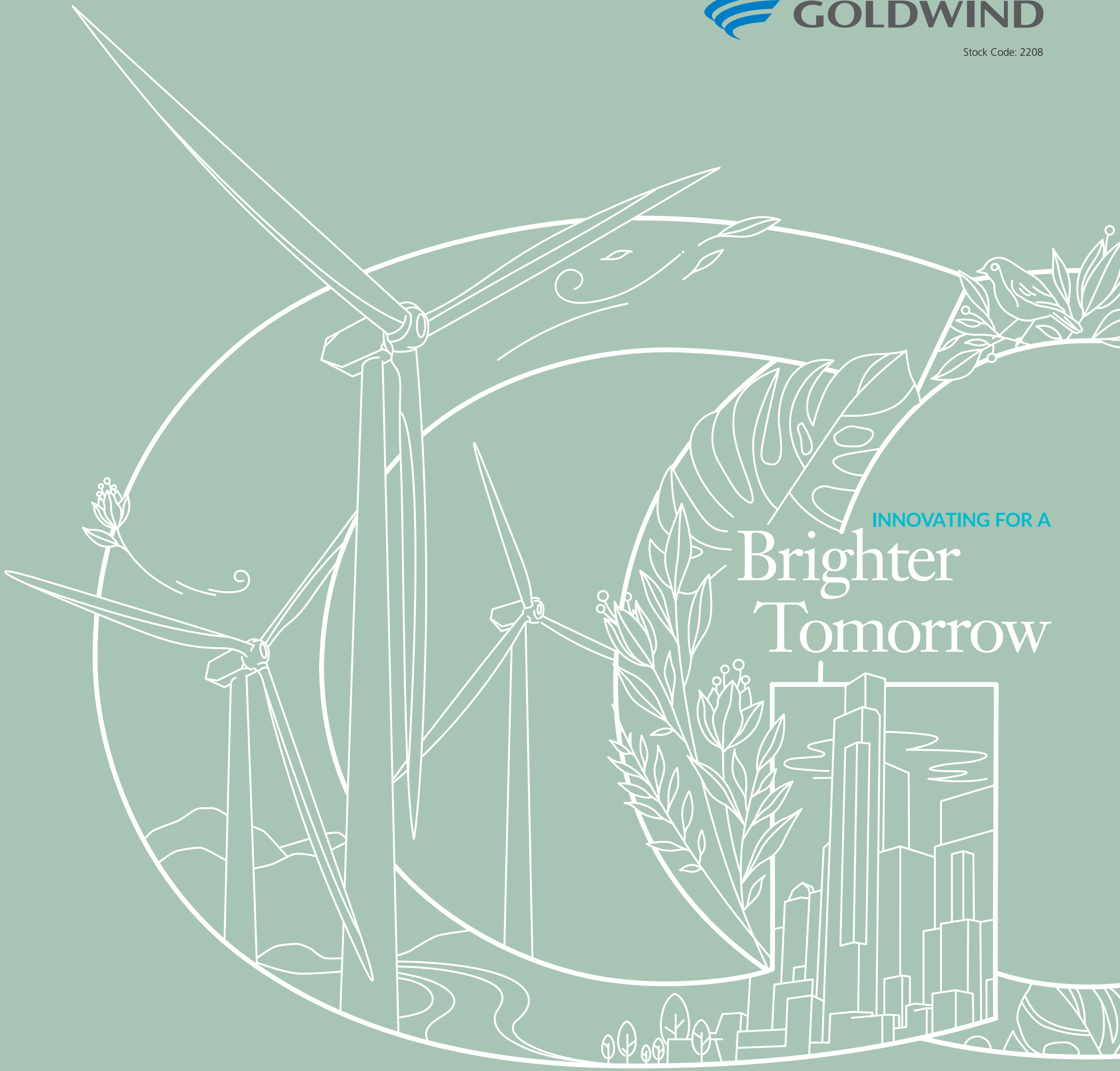
GOLDWIND

Stock Code: 2208



INNOVATING FOR A

Brighter Tomorrow

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)

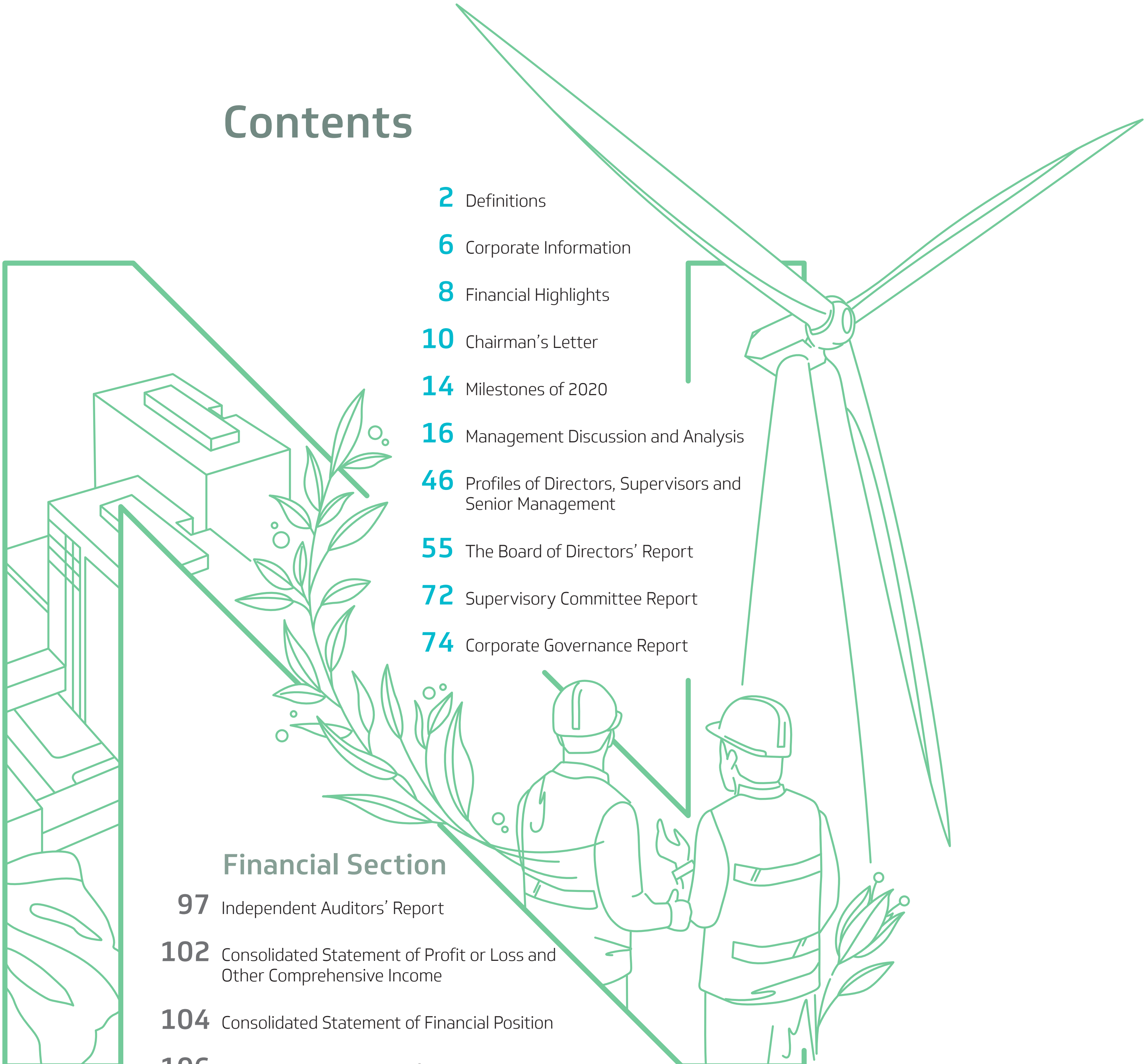
ANNUAL REPORT 2020

* For identification purpose only

ANNUAL REPORT 2020

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

Contents



Financial Section

Definitions

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

"A Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
"A Shareholders"	the holders of the A Shares;
"AGM"	annual general meeting of the Company;
"Articles"	the Articles of Association of the Company, as amended, modified or otherwise supplemented from time to time;
"associate"	has the meaning as ascribed in the Listing Rules;
"attributable capacity"	represents the capacity attributed to the Group calculated by multiplying the Group's percentage ownership in a power project by the total capacity of such power project;
"availability rate"	a percentage calculated by dividing the amount of time for that a WTG is not experiencing technical defaults over a certain period by the amount of time in such period;
"Beijing Tianrun"	Beijing Tianrun New Energy Investment Co., Ltd. (北京天潤新能投資有限公司), a company incorporated under the laws of the PRC on 11 April 2007 and a wholly owned subsidiary of the Company;
"Beijing Tianyuan"	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd. (北京天源科創風電技術有限責任公司), a company incorporated under the laws of the PRC on 29 September 2005 and a wholly owned subsidiary of the Company;
"Board"	the board of directors of the Company;
"Board Committees"	specialized 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 annual report to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"China Three Gorges"	China Three Gorges Corporation (中國長江三峽集團公司), a company incorporated under the laws of the PRC and the parent company of China Three Gorges New Energy;

"China Three Gorges New Energy"	China Three Gorges New Energy (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), a joint stock limited liability company incorporated in the PRC on 26 March 2001;
"connected person"	has the meaning as ascribed in the Listing Rules;
"Connected Persons Group"	a group of connected persons of the Company comprising China Three Gorges New Energy, Xinjiang Wind Power, and their respective associates;
"Corporate 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;
"EGM"	extraordinary general meeting of the Company;
"EPC"	Engineering, Procurement and Construction, a construction arrangement where a company that is contracted to construct the project will be responsible for the design, procurement and construction of such project, and will deliver such project to the owner after completion of the project construction and passing of the final acceptance inspection;
"Financial Statements"	the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, prepared in accordance with IFRSs;
"gearing ratio"	net debt divided by the sum of capital and net debt;
"Goldwind Environmental Protection"	Goldwind Environmental Protection Co., Ltd. (金風環保有限公司), a company incorporated under the laws of the PRC in August 2015 and a wholly owned subsidiary of the Company;
"Group", "Goldwind", "us" or "we"	the Company and its subsidiaries;
"Goldwind International"	Goldwind International Holdings (Hong Kong) Limited (金風國際控股(香港)有限公司) is a wholly owned subsidiary of the Company incorporated under the laws of Hong Kong on 6 October 2010;
"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;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IFRSs”	International Financial Reporting Standards;
“independent shareholders”	has the meaning as ascribed in the Listing Rules;
“kV”	kilovolt, a unit of potential difference between two terminals, 1kV equals 1,000 volts;
“kW”	kilowatt, a unit of power, 1kW equals 1,000 watts;
“kWh”	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
“Latest Practicable Date”	16 April 2021, being the latest practicable date prior to printing this annual report for ascertaining certain information contained in this report;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
“MW”	megawatt, a unit of power, 1MW equals 1,000kW;
“NEA”	National Energy Administration of the PRC (中國國家能源局);
“NDRC”	National Development and Reform Commission of the PRC (中國國家發展和改革委員會);
“President”	the president of the Company;
“R&D”	research and development;
“Reporting Period”	the year ended 31 December 2020;
“RMB”	Renminbi, the lawful currency of the PRC;
“Senior Management”	the members of the senior management of the Company, their profiles as at 31 December 2020 are set out in the section headed “Profiles of Directors, Supervisors and Senior Management” on page 46 of this annual report;

"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
"Shareholders"	shareholders of the Company;
"State Council"	the State Council of the PRC (中國國務院);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the meaning as ascribed in the Listing Rules;
"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 annualized basis; and
"%"	percent, in this annual report, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

Corporate Information

As at the Latest Practicable Date, relevant details are as follows:

BOARD OF DIRECTORS

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

Non-executive Directors
Mr. Gao Jianjun
Mr. Lu Hailin

Independent Non-executive Directors
Dr. Tin Yau Kelvin Wong
Mr. Wei Wei
Ms. Yang Jianping

SUPERVISORS

Mr. Han Zongwei *(President of Supervisory Committee)*
Mr. Luo Jun
Ms. Xiao Hong
Mr. Lu Min
Ms. Ji Tian

COMPANY SECRETARY

Ms. Ma Jinru

AUTHORISED REPRESENTATIVES

Mr. Wu Gang
Ms. Ma Jinru

AUDIT COMMITTEE

Dr. Tin Yau Kelvin Wong
Mr. Lu Hailin
Ms. Yang Jianping

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Wei Wei
Mr. Cao Zhigang
Ms. Yang Jianping

NOMINATION COMMITTEE

Ms. Yang Jianping
Mr. Wu Gang
Mr. Wei Wei

STRATEGIC COMMITTEE

Mr. Wu Gang
Mr. Wang Haibo
Mr. Gao Jianjun
Mr. Wei Wei

PLACE OF BUSINESS

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

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

LEGAL COUNSEL

Morrison & Foerster

AUDITORS

International Auditor
Deloitte Touche Tohmatsu

PRC Auditor
Deloitte Touche Tohmatsu Certified Public Accountants LLP

LISTING PLACES

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

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

SHARE REGISTRARS

H Shares:
Computershare Hong Kong Investor Services Limited

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

PRINCIPAL BANKERS

China Development Bank
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

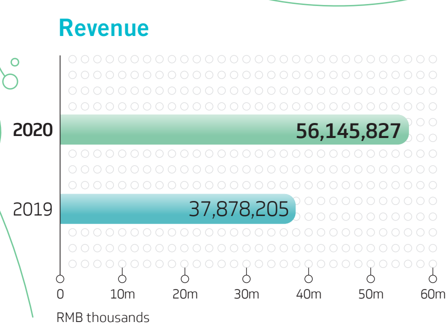
www.goldwindglobal.com

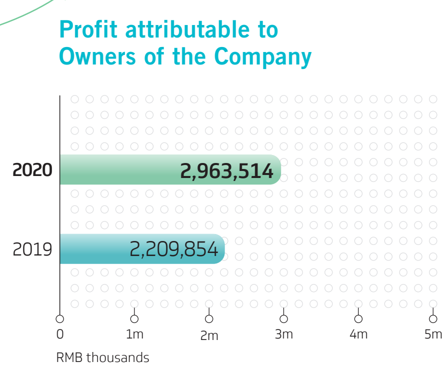
Financial Highlights

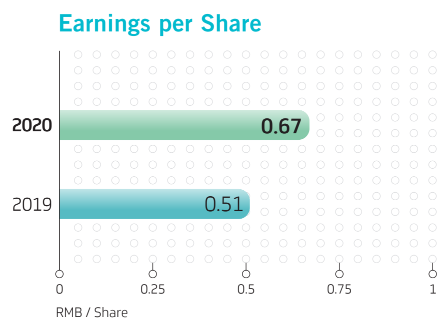
SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Except share data, all amounts in RMB thousands)

	Year ended 31 December 2020	2019	Percentage Change
REVENUE	56,145,827	37,878,205	48.23%
PROFIT BEFORE TAX	3,273,540	2,561,106	27.82%
Income tax expense	308,064	331,353	-7.03%
PROFIT FOR THE YEAR	2,965,476	2,229,753	33.00%
Profit attributable to:			
Owners of the parent	2,963,514	2,209,854	34.10%
Non-controlling interests	1,962	19,899	-90.14%
OTHER COMPREHENSIVE INCOME, NET OF TAX	276,157	76,148	262.66%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	3,243,363	2,285,771	41.89%
EARNINGS PER SHARE:			
Basic and diluted (RMB/share)	0.67	0.51	31.37%







SUMMARY OF SEGMENT REVENUE

(All amounts in RMB thousands)

	Year ended 31 December 2020	2019	Percentage Change
WTG Manufacturing	46,658,568	28,856,924	61.69%
Wind Power Services	4,433,703	3,571,357	24.15%
Wind Farm Development	4,018,720	4,257,234	-5.60%
Other	1,034,836	1,192,690	-13.24%
Total	56,145,827	37,878,205	48.23%

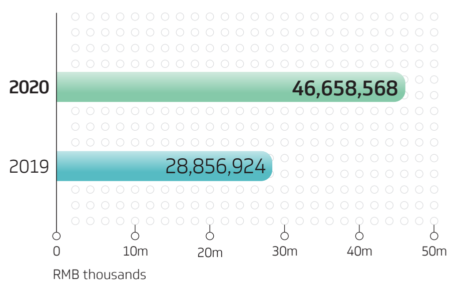
SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB thousands)

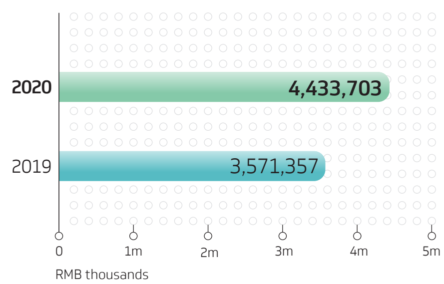
	As at 31 December 2020	2019	Percentage Change
Total assets	109,138,181	103,057,084	5.90%
Total liabilities	74,164,891	70,832,835	4.70%
NET ASSETS	34,973,290	32,224,249	8.53%
Equity attributable to owners of the Company	34,168,252	30,675,121	11.39%
Non-controlling interests	805,038	1,549,128	-48.03%

SUMMARY OF SEGMENT REVENUE

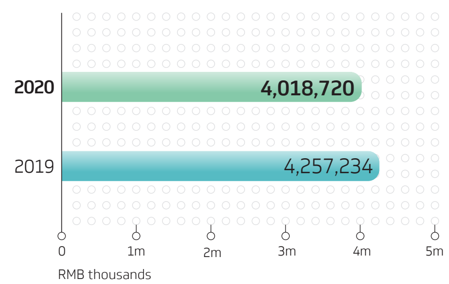
WTG Manufacturing



Wind Power Services



Wind Farm Development

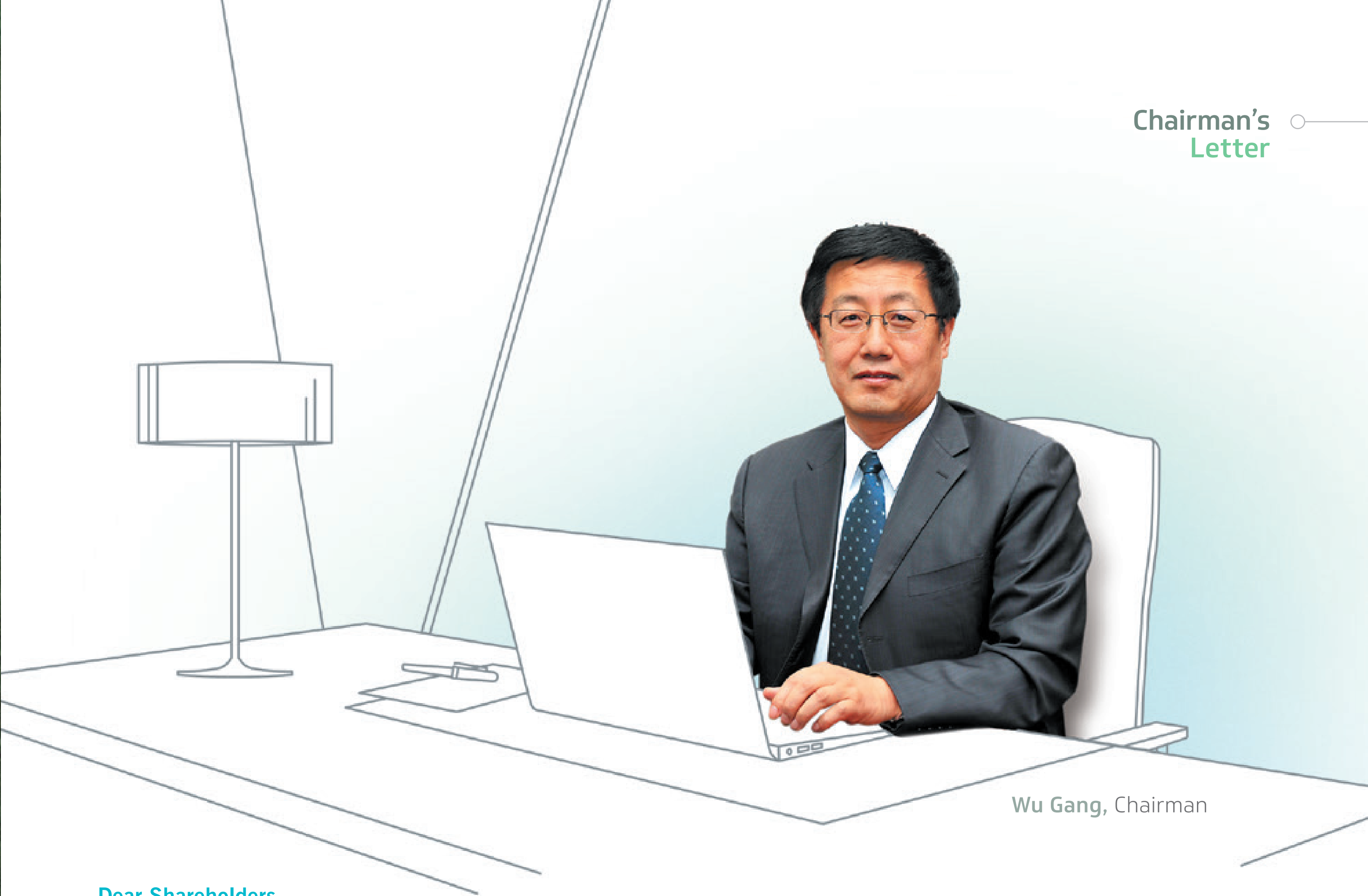


SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands)

	As at 31 December 2020	2019
Net cash flows from operating activities	5,377,445	5,928,783
Net cash flows used in investment activities	(5,719,254)	(10,266,612)
Net cash flows from financing activities	1,469,885	6,131,065
Net increase in cash and cash equivalents	1,128,076	1,793,236

Chairman's Letter



Wu Gang, Chairman

Dear Shareholders,

On behalf of the Board, I hereby present to you the 2020 Annual Report of Goldwind (the "Company").

In 2020, the wind power industry in China developed rapidly under the background of "discarding subsidies", and the goal of "carbon peaking and carbon neutrality" has also provided new impetus for the development of the industry. According to the data released by Bloomberg New Energy Finance, the newly installed capacity of wind power in China reached 57.8GW, which doubled the growth rate in 2019. Among which, onshore wind power increased by 53.8GW, representing a year-on-year increase of 105% whereas offshore wind power increased by 4GW, representing a year-on-year increase of 47%.

Goldwind seized the opportunities brought by the rapid development of the industry, consolidated three major businesses of wind turbine manufacturing, wind power services, and wind farm investment and development, as well as water business, and continued to achieve steady growth in its core business and operating results in 2020. In 2020, the Group's operating revenue amounted to RMB56,145.83 million, representing a year-on-year growth of 48.23%; net profit attributable to the parent company amounted to RMB2,963.51 million, representing a year-on-year growth of 34.10%; order backlog increased steadily, and external contract orders were 10,771.27MW in aggregate. According to the data released by Bloomberg New Energy Finance, in 2020, the Group's newly installed capacity in China reached 12.33GW, with a domestic market share of 21%, ranking first in China for ten consecutive years, whereas the newly installed capacity in the globe was 13.06GW, with a global market share of 13.5%, ranking second in the world.

Goldwind has always been market-oriented and customer-oriented. Leveraging on its strong R&D resources and its advantages of digital technology, Goldwind optimized and upgraded its existing R&D platforms and products, and continued to promote the R&D of 2S, 3S/4S and 6S/8S series units. During the Reporting Period, Goldwind launched a variety of high-performance products. The Company upgraded the existing GW150-2.8 turbine of 2S-series and launched GW150-2.8~3.0 turbine, which had obtained design certification by domestic authoritative institution, and has won trust and recognition among customers with its excellent performance and reliable quality. The Company launched the new generation of permanent magnet direct-drive platform GP21 and a series of high-performance flagship products, including GW165-3.6MW and GW165-4.0MW units targeting the low-to-medium wind speed market and GW165-5.XMW units targeting the medium-to-high wind speed market. The GP21 platform product adopts the platform-based and modular development model to provide users with precise solutions under different scenarios, so as to achieve the optimal power cost and asset value throughout the life cycle. At present, the first GW165-4.0MW prototype of the GP21 product series has been officially connected to the grid for power generation. The first prototype of the Company's GW175-8.0MW offshore wind power unit was successfully installed in Xinghua Bay in Fujian Province in April 2020, and the prototype was commissioned in June 2020, and successfully realized the "one-button start" and full-power grid connected power generation. The model is the first domestic 8MW unit with complete independent intellectual property rights in China, and is equipped with the world-leading rainwater corrosion control technology for turbine blade, blade tip to tower clearance technology, independently-innovated E-TOP and E-Plus design. After its launch, it rapidly gained market recognition.

The Company offers full life cycle solutions for digital wind farm which have played an important role in shortening the construction period, reducing costs, increasing power generation and increasing profitability. At the same time, Goldwind continued to pay attention to the transformation of obsolete units in the inventory market, optimized and upgraded inefficient wind farms, and realized an increase of over 70% in annual power generation of obsolete units. Goldwind has begun to build a national maintenance service network for large components, providing customers with professional and efficient maintenance services for the main models of direct-drive and double-fed technologies, as well as comprehensive, integrated services including transportation, installation, technological optimization, and insurance claims. As at the end of the Reporting Period, the capacity of the Company's domestic and overseas O&M services business (including asset management services) in operation was 14.12GW, representing a year-on-year increase of 28.5%. There were 45,015 units connected to Goldwind Global Monitoring Center, providing real-time operation of units for customers around the global. During the Reporting Period, the Group's revenue from wind power services amounted to RMB4,433.70 million, representing a year-on-year increase of 24.15%.

In 2020, the Company will actively expand the domestic market, continue to develop wind power resources through self-development and joint venture cooperation, and actively carry out application work for grid parity, project biddings, large bases, offshore wind power, etc., continuously increase the reserve of advantageous resources, and accelerate the improvement of asset management capabilities to promote the quality and efficiency improvement of existing assets. In 2020, the Company continued to actively develop "load-side" resources and various integrated energy sources, and initially achieved the transformation of integrated energy to "source grid and storage". As at the end of the Reporting Period, the Company's wind farm assets under management amounted to 6.239 million kW, representing a year-on-year increase of 19%. Asset management services, as a sustainable business of the Company in the future, will focus on the needs of customers for revenue lock-up and value enhancement during the whole life cycle of assets from basic operation and maintenance. The Company will continue to optimize and reduce operation and maintenance costs and increase the comprehensive income of each power station through the innovation of asset management model driven by digital system. This in turn enhances the competitiveness of the asset management services. During the Reporting Period, the Company's domestic and overseas self-operated wind farms added an installed capacity of 1,238MW. As at the end of the Reporting Period, the global cumulative grid-connected attributable wind capacity was 5,487MW; the capacity of domestic and overseas wind farms under construction was 2,818MW; the approved but not commenced domestic resources capacity was 2,301MW.

In 2020, Goldwind continued to develop its smart water business by taking energy conservation and consumption reduction as the starting point, and comprehensively carried out streamline improvement in six aspects, namely reduction of power consumption, optimization of drug consumption, maintenance cost control, labor cost control, improvement of water quality and loss of water. The Company continuously improves water treatment technology, adheres to the innovation, and develops the "SBR Unpowered Decanter (Transformation)" technology which has practical application value for water plants and provides strong technical support for meeting the standard of water output. In addition, the Company obtained a number of utility model patents covering sewage treatment, industrial water treatment and intelligent water operation platform, which effectively promoted the improvement of treatment efficiency of water plants operation. As at the end of the Reporting Period, Goldwind has more than 50 water project companies, with water treatment scale of nearly 3.50 million tons/day, covering over 10.00 million people in 13 provinces in China. During the Reporting Period, the Company's revenue from water treatment business amounted to RMB666.09 million, of which revenue from water operation amounted to RMB505.99 million, representing an increase of 21.15% as compared with the same period of last year.

2021 is the first year for the wind power industry to fully achieve grid parity. In addition, a number of national policies promoting the development of renewable energy will bring new opportunities and challenges to the development of the entire industry. In the face of this era, Goldwind will continue to adhere to the development concept of "synergy, intelligence and scale", increase investment in scientific and technological innovation, continuously launch products and solutions with higher quality, lower price and better performance, and tap into the competitive advantages of the entire industry chain. At the same time, Goldwind will continue to develop comprehensive energy service businesses such as environmental water, distributed energy and energy saving, and develop multiple business segments together, in order to constantly move towards the goal of becoming an international leader in providing comprehensive solutions for clean energy and energy conservation and environmental protection.

Finally, on behalf of the Board, I would like to express my sincere gratitude to our Shareholders and business partners for their great support and encouragement in 2020, and to each of Goldwind's employees for their efforts.

Wu Gang
Chairman

Beijing, 26 March 2021

Milestones of 2020

January

Goldwind was awarded the "Best Investor Relations Management Award"

Goldwind won the "Best Investor Relations Management Award" at the "4th Golden Hong Kong Stock Annual Awards Ceremony" held in Shenzhen for its good capital market image.

February

Goldwind was included in the FTSE4Good Index Series

Goldwind was included in the FTSE4Good Index Series for the first time

March

Goldwind led the drafting of the IEC micro-grid international standards, which were formulated and approved

The international standard "Micro-grid Part 3-1: Technical Specifications – Protection and Dynamic Control" (IEC TS 62898-3-1) proposed and led by Goldwind was approved by the Distributed Power Energy System Sub-committee of the International Electrical and Electronic Commission with 100% affirmative votes and officially released in November 2020.

April

Two of Goldwind's projects were awarded the first prize of Scientific and Technological Progress Award of Beijing

Goldwind's projects was awarded the first prize by the Scientific and Technological Progress Award of Beijing Science and Technology: "The Development and Industrialization of Key Technologies for the Integration of Lightweight Large Rotor and Tall Wind Tower" and "Key Technologies and Large-scale Applications of Efficient, Safe, and Active Support for Grid-friendly Wind Turbine".

Goldwind was honored with the largest distributed wind power project in Turkey

Goldwind won the order for the Yucel project, the largest distributed wind power project in Turkey, with a project capacity of 6.8MW. Yucel project is located in Bandırma, which is in the northwest of Turkey. Goldwind will provide two GW140-3.4MW smart wind turbines units and service solutions in the next 20 years for the project.

June

Goldwind Environmental Protection was awarded the 2019 Most Socially Responsible Investment Operation Enterprise in the Water Industry

The "2020 (18th) Water Business Strategy Forum" was held in Beijing. The forum revealed the award-winning list of major awards in the "2019 Water Industry Enterprises Selection". Goldwind Environmental Protection was awarded the "2019 Most Socially Responsible Investment Operation Enterprise in the Water Industry".

August

Goldwind won two awards: "China Energy High-quality Development Research Base" and "Energy Poverty Alleviation Model Person"

At the 2020 China Energy High-quality Development and Energy Industry Poverty Alleviation Results Seminar organized by China Energy News under the directions of the People's Daily, Goldwind was honored with two awards, namely "China Energy High-quality Development Research Base" and "Energy Poverty Alleviation Model Person".

October

Goldwind released GP21, a new generation of direct-drive permanent magnet platform, and a series of high-performance flagship products, and released the "Beijing Declaration for Wind Energy" as a corporate representative

Goldwind's total solution, which consists of four major supporting factors, namely high-performance flagship products, multi-dimensional digital capabilities, deep source network integration capabilities, and full ecological asset value-added capabilities, was listed in CWP2020. At the same time, GP21, a new generation of direct-drive permanent magnet platform, and a series of high-performance flagship products were released to drive the high-quality and large-scale development of the whole industry with its own innovative development results, thereby breaking through into a new era. Goldwind has also unanimously passed and jointly issued the "Beijing Declaration for Wind Energy" with representatives from more than 400 wind power enterprises, aiming to comply with the latest requirements of the national strategy of coping with climate change, and promote the high-quality development of the wind power industry to build a solid foundation for a zero-carbon society.

Goldwind was awarded the China Standard Innovation Contribution Award for the first time

Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd. and Beijing Techwin Electric Co., Ltd. won the China Standard Innovation Contribution Award and are the only award-winning wind power enterprises.

Tianrun New Energy was awarded the first green evaluation certificate for wind farm in China

The Tiandeng Niutouling 50MW wind farm project invested and constructed by Tianrun New Energy was awarded the first green evaluation certificate for wind farm in China by China Environmental United (Beijing) Certification Center Co., Ltd.

November

Goldwind was included in the Top 50 Listed Companies of New Fortune

Goldwind has steadily improved the standard operation of the Board of Directors, implemented information disclosure responsibilities in a transparent and efficient manner, actively carried out investor communication activities, established good communication strategies, emphasized corporate value, attached great importance to sustainable development and ESG strategies, and gave back to shareholders with good investment returns. Goldwind has been well received by the capital market and ranked among the Top 50 New Fortune Listed Companies.

Tianrun New Energy was honored with the third prize of "China Power Construction Science and Technology Progress Award 2020"

The "Prevention and Control of Common Quality Issues of Wind Power Projects" led and planned by Tianrun New Energy was awarded the third prize of China Power Construction Science and Technology Progress Award 2020 (provincial and ministerial level), providing guidance and reference for relevant enterprises and professionals in wind power investment, design, construction and supervision in terms of the prevention and control of common quality issues.

Tianrun New Energy was awarded the "2020 Golden Bull Award for Environmental Protection"

Tianrun New Energy was awarded the "2020 Golden Bull Award for Environmental Protection" at the "3rd Beijing Responsibility Exhibition", which fully reflected the Company's practices in ecological protection, low-carbon development, community cultural integration and fighting against the pandemic.

December

Goldwind was awarded the "Outstanding Enterprise Award for Green Development of China's Welfare Company" for the second time

At the "2020 2nd Annual Forum on Responsibility of China Welfare Companies" hosted by Tencent Atom Think Tank, the National School of Development at Peking University and Tencent Research Institute, Goldwind, after being awarded the Outstanding Enterprise Award for Green Development Contribution in 2019, won the award again in this forum for its green power contributions to the world and its unswerving commitment to green development over the years.

Management Discussion and Analysis

OVERVIEW

In 2020, the COVID-19 pandemic has affected various industries at home and abroad to different extent, and economic activities and output of various countries have slowed down significantly. The International Monetary Fund (IMF) stated in its latest World Economic Outlook Report that the global economy may contract by 3.5% in 2020. In particular, developed economies and developing economies contracted by 4.9% and 2.4%, respectively. The GDP of the United States declined by 3.4%. The Eurozone declined by 7.2%, Japan declined by 5.1%, and the United Kingdom and India declined by 10.0% and 8.0%, respectively.

Facing the challenges, the PRC government first introduced various measures to prevent and control the pandemic and stabilized the economy and society, which effectively facilitated the rapid and comprehensive resumption of work and production and the resumption of business and market. According to the National Bureau of Statistics, China's GDP exceeded RMB100 trillion for the first time in 2020, representing an increase of 2.3% against the trend. China was the only economy that achieved positive economic growth among major economies in the world.

In 2020, the total electricity consumption of the whole society was 7,511 billion kWh, representing a year-on-year increase of 3.1%. The newly-added installed capacity of power generation in China was 190.87 million kW, and the accumulated full-caliber power generation equipment capacity reached 2,200.58 million kW.

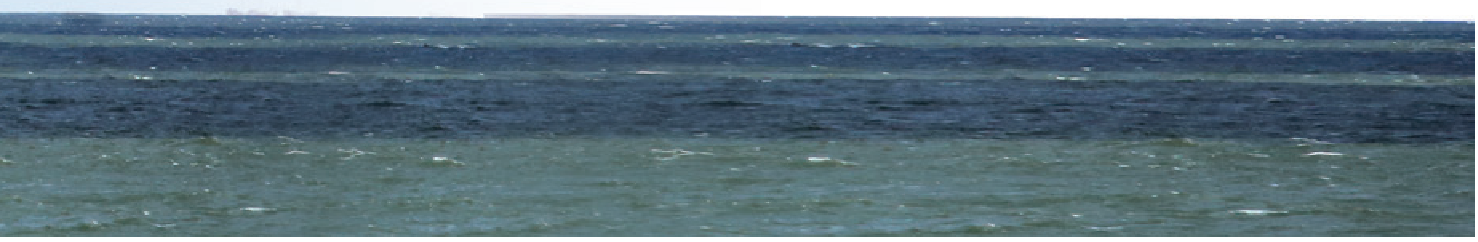
As a result of the policy of reducing onshore and offshore wind power subsidies, the newly installed capacity in China in 2020 reached the highest level in history, which fully demonstrated the resilience of the industry. According to Bloomberg New Energy Finance (BNEF), the newly installed capacity of wind power in China reached 57.8GW in 2020, which doubled the growth from 2019. Among which, onshore wind power increased by 53.8GW, representing a year-on-year increase of 105%; offshore wind power increased by 4GW, representing a year-on-year increase of 47%.

I. MAIN POLICIES REVIEW

2020 was a crucial year for China's wind power industry to enter the era of market-oriented development and grid parity. Several ministries and commissions, including the National Development and Reform Commission (NDRC), the Ministry of Finance (MoF) and the National Energy Administration (NEA), have issued a number of laws and regulations to ensure the stability and continuity of policies. At the same time, they have also clarified and improved various mechanisms such as industry planning, subsidy confirmation and consumption guarantee to ensure the smooth transition of the industry to the grid parity market and the sustainable and high-quality development.

1. Accelerating Development of Wind Power and Supporting the Goal of "Carbon Neutral"

On 26 February 2021, the NEA issued the *Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (Draft for Comments)(《關於2021年風電、光伏發電開發建設有關事項的通知（徵求意見稿）》)*, which stated that the proportion of power generation of wind power and photovoltaic power to the total power consumption of the whole society in 2021 shall reach approximately 11%, and targets such as carbon peak by 2030 and carbon neutralization by 2060, the proportion of non-fossil energy to the consumption of primary energy in 2030 shall reach approximately 25%, and the total installed capacity of wind power and solar power generation shall reach over 1.2 billion kW.



On 5 March 2021, Premier Li Keqiang pointed out in the Report on the Work of the Government that the action plan for reaching the peak of carbon emission by 2030 shall be formulated, the development of new energy shall be vigorously strengthened, the construction of carbon emission trading market shall be accelerated, and special policies for financial support for green and low-carbon development shall be implemented to promote the green transformation of production and lifestyle.

2. Sorting Out and Solving Issues of Subsidies for Renewable Energy Power Generation Projects

On 20 January 2020, the MoF, the NDRC and the NEA jointly issued the *Opinion on Promoting the Healthy Development of Non-hydro Renewable Power (《關於促進非水可再生能源發電健康的若干意見》)*, adhering to the principle of reasonably determining the scale of newly-added subsidized projects based on revenue and expenditure, increasing subsidy revenue through various methods, and reducing non-compliant subsidy demands, in order to alleviate subsidy pressure of existing projects. The Opinion confirms that all qualified projects shall be added to the subsidy list, and entitlements to subsidies shall be ascertained in a timely manner. The Opinion also stipulates coordination between departments, and proposes to enhance the synergy of state policies and manage various types of renewable power projects by category.

On 20 October 2020, the MoF, the NDRC and the NEA jointly issued the *Opinions on Promoting the Healthy Development of Non-hydro Renewable Power Generation (《關於促進非水可再生能源發電健康的若干意見》)*, which further clarified the determination of the central financial subsidies based on the reasonable utilization hours of various projects in the whole life cycle.

On 18 November 2020, the MoF issued the *"Notice on Accelerating the Review of the List of Renewable Energy Power Generation Subsidy Projects" (《關於加快推進可再生能源發電補貼項目清單審核有關工作的通知》)* and the *"Measures for the Determination of the Time for Full Capacity Grid Connection of Renewable Energy Power Generation Projects" (《可再生能源發電項目全容量並網時間認定辦法》)*, confirming that all qualified wind power projects can be included in the subsidy list.

On 30 December 2020, the NEA revised and issued the *Measures for the Settlement of Electricity Fees between Power Generation Enterprises and Power Grid Enterprises (《發電企業與電網企業電費結算辦法》)*, which specified that power grid enterprises should timely transfer the central government subsidies to renewable energy power generation enterprises included in the scope of national subsidies in full. In principle, power grid enterprises shall pay the renewable energy power generation enterprises in a timely manner in accordance with relevant requirements within ten working days after receiving the central government financial subsidies.

3. Implementing Grid Connection and Guaranteeing Consumption to Ensure Healthy Development of Wind Power

On 3 April 2020, the NEA issued the *2020 Wind Power Investment Monitoring and Early Warning Results (《2020年度風電投資監測預警結果》)*, which lifted red warning in Xinjiang and Gansu regions, and states that qualified existing projects can continue to be advanced, and cross-provincial and cross-regional transmission projects and grid parity projects are not restricted. At the same time, the warning in eastern Inner Mongolia region is adjusted from orange to green, and priority is given to grid parity and bidding must be carried out according to the arrangement of remaining space. The re-classification of monitoring areas is conducive to accelerating the development of wind power in the "Three North" regions.

On 1 June 2020, the NDRC and the NEA jointly issued the *Notice on Printing and Distributing the Power Consumption Weighting for Renewable Energy in 2020 in Provincial Administrative Regions (《關於印發各省級行政區域2020年可再生能源電力消納責任權重的通知》)*, which stipulates that the weighting of the total amount of renewable energy consumption responsibility of 10 provinces (regions and cities) shall exceed 30%, and the weighting of the total amount of non-hydro renewable energy consumption of 9 provinces (regions and cities) shall exceed 15%, and such weighting will increase year by year. The responsibilities and duties of the provincial energy authorities, power grid enterprises and local offices of NEA are also specified to ensure that the weighting of consumption responsibility is fulfilled.

On 25 February 2021, the NDRC and the NEA issued the *"Guiding Opinions on Promoting the Integration of Power Source and Grid and the Development of Multi-energy Complementary"(《關於推進電力源網荷儲一體化和多能互補發展的指導意見》)*, proposing to explore the development path of building a new power system with high integration of power source and grid by optimizing and integrating local power supply side, power grid side and load side resources, and proposing that the proportion of renewable energy power generated by transmission channels shall not be less than 50% in principle, with a higher proportion of planned construction as priority.

II. INDUSTRY REVIEW

1. Wind Power Gradually Growing into Mainstream Energy

In September 2020, President Xi Jinping, in the General Debate of the 75th session of the United Nations General Assembly, declared that China's "CO_2 emissions will reach peak in 2030 and will strive to achieve carbon neutralization by 2060". In November, President Xi delivered an important speech at the Climate Ambition Summit and announced that by 2030, China's non-fossil energy will account for approximately 25% of primary energy consumption, and the total installed capacity of wind power and solar power will reach over 1.2 billion kW. In December, the State Council issued a white paper titled "Energy in China's New Era" (《新時代的中國能源發展》白皮書), which clarified that non-fossil energy should be placed as the priority of energy development, and will vigorously promote low-carbon energy to replace high-carbon energy and renewable energy to replace fossil energy.

Under this keynote, representatives of more than 400 wind power companies in the world put forward in the "14th Five-Year Plan" of China's annual newly installed wind power capacity of more than 50GW at the World Wind Energy Conference in October 2020 in the form of the "Beijing Declaration on Wind Power", and the annual newly installed capacity should be no less than 60GW after 2025. At the same time, all wind power developers have formulated and published active wind power project development plans during the "14th Five-Year Plan" period, and the market demand will remain strong, which will continue to promote the large-scale development of the wind power industry, technological innovation progress, economic benefits, and social and environmental benefits.

As wind power enters the grid-parity era of large-scale and rapid development, the cost competitiveness of wind power increases. As an important source of clean fuel and clean power, it will become the main force of China's energy development during the "14th Five-Year Plan" period and under the goal of "carbon neutral", and enter a new era of development.

2. Newly-Added Global Wind Power Installed Capacity Amounting close to A Hundred Million KW.

Overcoming the adverse impact of the pandemic, the wind power industry performed well in many countries around the world in 2020, and made great progress in terms of installed capacity, electricity consumption proportion and technology advancement. According to the data released by BNEF, the global newly installed wind power capacity in 2020 was 96.7GW, representing an increase of 59% as compared to 2019. Among which, the newly installed capacity of onshore wind power reached the historical highest level of 90.2GW, and the newly installed capacity of offshore wind power was 6.5GW. China (57.8GW) and the United States (16.5GW), driven by the subsidy reduction policy and product tax policy respectively, reached new high for installed capacity during the rapid construction period of the year.

3. Steady and Rapid Growth in the Size of the PRC Wind Power Market

According to the statistics of the NEA, in 2020, the newly installed grid-connected wind power in China amounted to 71.67 million kW, representing a year-on-year increase of 179%, of which onshore wind power and offshore wind power increased by 68.61 million kW and 3.06 million kW, respectively. As of the end of 2020, the cumulative installed capacity of wind power in China was 281 million kW, representing a year-on-year increase of 34.6%, accounting for 12.8% of the installed capacity of power grid, of which the cumulative installed capacity of onshore wind power was 271 million kW and the cumulative installed capacity of offshore wind power was 9 million kW. The annual wind power generation was 466.5 billion kWh, representing a year-on-year increase of 15%; the national average wind power utilization hours reached 2,097 hours; the national average wind power curtailment rate was 3%, representing a year-on-year decrease of 1 percentage point.

III. MAIN BUSINESS ANALYSIS

In 2020, facing the impact of the COVID-19 pandemic, the Company cooperated with enterprises across the industry chain to implement safe and orderly resumption of work and production. Through the analysis of demand-supply balance throughout the year and its differences, the Company formulated production measures to fill the gap and ensured that business plans are realized. Meanwhile, as the era of grid parity approaches, the Company insisted on high-quality-oriented and large-scale-oriented development during the Reporting Period. While satisfying the growing demands as a result of policy adjustment, the Company accelerated business and management transformation, focused on creating value for customers, persisted in expansion and innovation, and continually enhanced the Company's overall competitiveness.

During the Reporting Period, the Company's operating revenue was RMB56,145.83 million, representing an increase of 48.23% YoY. Net profit attributable to owners of the company was RMB2,963.51 million, representing an increase of 34.10% YoY.

i. WTG R&D, Manufacturing and Sales

According to BNEF, the Company added 12.33GW of domestic installed capacity in 2020, with a domestic market share of 21%, and 13.06GW in the globe, representing a global market share of 13.51%. The Company was ranked the first in Chinese market for ten consecutive years and ranked second in the global market.

1. WTG Manufacturing and Sales

During the Reporting Period, the Group's revenue from the sales of WTGs and components was RMB46,658.57 million, representing an increase of 61.69% YoY. The Group's external sales totalled 12,931.66MW in 2020, an increase of 58.26% YoY. The sales volume of 3S/4S turbines to total sale volume increased from 8.58% to 11.09%.

The following table lists out details of the Group's WTG sales in 2020 and 2019:

	Year ended 31 December				
	2020		2019		
Model	Units	Capacity (MW)	Units	Capacity (MW)	Change in %
6S/8S	73	481.65	39	253.30	90.15
3S/4S	388	1,434.06	220	701.02	104.57
2S	4,436	10,714.30	3,195	7,085.90	51.21
1.5MW	200	301.65	74	130.80	130.62
Total	5,097	12,931.66	3,528	8,171.02	58.26

During the Reporting Period, the Company had 10,771.27MW of external contracts, including 27.15MW of 1.5MW units, 3,568.8 MW of 2S series, 5,069.42MW of 3S/4S series and 2,105.9MW of 6S/8S series. The Company had 3,627.2MW of successful bid, including 49.5MW of 1.5MW units, 2,872.1MW of 2S series, 605.1MW of 3S/4S series and 100.5MW of 6S/8S series. Total external order backlog was 14,398.47MW. Overseas external contract totaled 1,996MW. In addition, the Company had 1,702MW of internal order backlog.

2. R&D and Certification

High-quality development has become an inevitable trend for the future development of wind power enterprises. During the Reporting Period, the Company adhered to the concept of innovation-driven development, focused on customers and value, integrated its capabilities of seven major R&D centers in the globe and technical advantages, and accelerated innovation of product technology, enriched its spectrum of smart wind turbines, and promoted technological innovation and digital transformation.

a. *Product R&D and Mass Production*

According to the market and client demands, the Company focused on the corporate strategy on cutting-edge products and technologies, optimized and upgraded the existing R&D platforms and products, continued to promote the R&D of 2S, 3S/4S and 6S/8S series units, and made full-line technical improvement on the software and hardware of products by combining the key technologies of various fields of wind turbines, so as to enhance product competitiveness. At the same time, in order to adapt to the development trend of the wind power era, the Company relied on the application of digital technology to develop a number of high-performance products during the Reporting Period while comprehensively improving the performance and intelligence level of wind power generating units, so as to empower the best solutions throughout the life cycle to meet the new market demand.

Applying advanced module design and Integrated Product Development (IPD) system, the Company upgraded the existing GW150-2.8 turbine and launched GW150-2.8~3.0 turbine. With the experience of Goldwind's reliability and advancement of its turbine, it adopted technologies of load control, blade tip to tower clearance monitoring, modularity blade and power generation improvement, so as to provide comprehensive solutions with higher power generation performance and adoptability for development of low wind speed resources in different domestic application scenarios.

GW155-4.5 turbine of 3S/4S-series adopts "Permanent Magnet Direct Drive (PMDD) plus full power converter" technology and advanced smart turbine design, this turbine applies to multiple usage scenarios including offshore, overseas, grid-parity and large energy base projects. During the Reporting Period, GW155-4.5 turbine performed distinctively in both domestic and overseas markets, winning orders in North America, South America, Central Asia, Southeast Asia, and Australia. At the same time, two turbines of GW155-4.5 and GW136-4.2 of the series obtained the EPD (Environmental Product Declaration) Certification issued by ICMQ, an Italian certification body, and the Company is the first wind power enterprise in China to complete the issuance of the WTG EPD.

During the Reporting Period, the Company launched the new generation of PMDD platform GP21 and a series of high-performance flagship products, including GW165-4.0MW units for the low-to-medium wind speed market and GW165-5.XMW units for the medium-to-high wind speed market. GP21 platform products adopt platform-based and module development models to provide users with customized solutions under different scenarios, so as to achieve the best cost per unit of electricity and the best value of assets throughout the life cycle. The platform product, which has the high-yield application value of grid parity projects, has received great attention from the developers once launched. The first GW165-4.0MW prototype of the GP21 product series was officially connected to the grid on 31 December 2020.

Facing the stock market with great potential, the Company also launched the GW1S asset quality and efficiency enhancement integrated solution, which will increase the power generation of existing projects with new components and new technologies, maximize quality and efficiency enhancement, reduce risks and investment costs, and improve the user yield of old projects. The GW82-1.1MW model of the 1S platform was honored with the 2020 World's Best Wind Turbine by Windpower Monthly, and won the Gold Award for the Best Onshore Wind Turbine (below 4.4MW), which is also the only gold award for wind turbine manufacturers in China.

Goldwind continued to independently innovate offshore products. GW175-8.0MW offshore turbine completed prototype installation at Xinghua Bay in Fujian Province in April 2020, and finished prototype testing in June 2020. It succeeded with "one-button start" and full-power grid connection. This model is the first domestic 8MW wind turbine with complete independent intellectual property rights in China, and is equipped with the world-leading rainwater corrosion control technology, blade tip to tower clearance monitoring technology, and the independently innovated E-TOP and E-Plus design. Upon its launch, it quickly gained market popularity. In June 2020, the turbine won the bid for 100,000 kW of offshore wind power project in Changle A District, Fujian.

During the Reporting Period, the 155-meter concrete-steel hybrid tower design independently developed by the Company has obtained design certification by China General Certification Center (CGC). This type of tower will provide solutions for the construction of wind farms in areas with low wind speed, high wind shear, high turbulence, and transportation difficulties, effectively improving turbine performance and wind farm project income. The key technology of 140-meter concrete-steel hybrid tower design and construction, as an important sub-project of The Research and Application of Key Technology for Low Wind Speed, the Company was awarded the first prize of 2019 Engineering Construction Science and Technology Award by China Association of Construction Enterprise Management.

In April 2020, Goldwind was honored with the first prize of Scientific and Technological Progress Award of 2019 Award of Beijing Science and Technology（2019年度北京市科學技術獎科技進步一等獎）for two subjects, namely The Development and Industrialization of Key Technologies for the Integration of Lightweight Large Rotor (《輕量化超大葉輪風電機組與柔性高塔一體化關鍵技術開發及產業化》) and Tall Wind Tower and the Active Support of Key Technologies and Large-scale Application of Grid-friendly Wind Power (《電網友好型風電高效安全主動支撐關鍵技術及規模化應用》).

b. *Intellectual Property and Standard-Setting, Product Certification*

Goldwind has always attached great importance to R&D and innovation investment, actively carried out new product certification, and protects its core technologies through intellectual property rights. The number of patent applications at home and abroad has kept increasing, and the patent application structure has been optimized continuously.

In 2020, Goldwind obtained 85 wind turbine certificates, including 55 domestic turbine certificates and 30 foreign turbine certificates, 40 design certificates, 31 turbine type certificates, and 14 turbine certificates for regional compliance and technology. The turbine certificates obtained cover the key models of the Company's various platforms.

During the Reporting Period, Goldwind filed 493 new patent applications, including 353 invention patent applications, accounting for 72%; 137 patent applications abroad, among which 33 were filed in the United States, accounting for 24%; 102 software copyright applications; and 49 domestic trademark applications. In the meanwhile, the Company added 613 patent licenses, including 359 invention patent licenses, accounting for 58%; 98 patent licenses abroad; and 12 domestic registered trademarks.

The Company actively participated in the formulation and revision of domestic and international standards for wind power technology. As of the end of 2020, Goldwind participated in the formulation and revision of 16 International Electrotechnical Commission (IEC) standards, led the development for two standards, and was a participant in 12 International Energy Agency (IEA) projects. The Company participated in the formulation and revision of 230 domestic standards, including 104 national standards, 96 industrial standards and 30 regional and association standards, among which 153 were already published.

3. Quality Management

The Company always adheres to the quality control concept of "wind power marathon" to achieve high-quality development of products while ensuring controllable quality risks and efficiency improvement, and promoting the growth of both scale and efficiency. Facing the arrival of grid-parity era, the impacts by the COVID-19 pandemic, and the accelerated resumption of work in the industry, the Company adjusted promptly in quality management, emphasizing that quality control is closed-loop management with customer-orientation approach, and requiring the concept of "one-time pass" to apply to all segments of the entire chain. The Company restructured "Issue To Resolution (ITR)" flow, treating turbine faults and problem-solving process from the customers' perspectives to ensure fast and efficient solutions to quality issues. The Company promoted "Advanced Product Quality Planning (APQP)" management in R&D and supplier end, and introduced quality management tools such as APQP and CMAN (Carry over, Modified, Adopt for the platform, New) to enhance design quality control of new products, established a two-way closed-loop management system, and ensure quality delivery.

During the Reporting Period, Goldwind officially became a member of the board of directors of APQP4Wind (Advanced Product Quality Planning for Wind), the first batch of enterprises to join the board of directors in addition to the five founding members of the organization, and the only non-European and American enterprise in the board of directors. This marks the board of directors of APQP4Wind's recognition of Goldwind's achievements in quality control, and also marks that China's wind power companies as well as Asia's wind power companies, represented by Goldwind, have reached a new level of influence and voice in the development and management of international wind power quality standards.

ii. Wind Power Service

Growth opportunities in wind power post-warranty service business are a result of steady increase in cumulative wind installation capacity. The Company offers turbine lifecycle service solutions that aim to maximize efficiency and minimize costs, from operation & maintenance (O&M) efficiency, to O&M cost and return on investment.

Goldwind helped customers with a new module of smart operation that consists of an online SOAM™ operational system plus a standardized, centralized and shared efficient front desk (offline service resource network and service team) to enhance economic value and competitiveness of wind power assets. The Company increased power generation efficiency by offering safe and professional solutions of innovative technology and power generation improvement. Meanwhile, Goldwind fully utilized the online and offline resources and smart operation systems to improve operation efficiency.

In 2020, Goldwind's smart operation and management system SOAM™ achieved a commercial scale of more than 70 GW, and has realized the business expansion of wind, light, water, storage and multiple energy sources, and achieved the business coverage of 18 provinces, cities and autonomous regions in total. In the process of cooperation with a number of power generation enterprises in the smart wind farm, Goldwind has launched intelligent inspection, face recognition and other intelligent application services. And Goldwind broke through in the cooperation of a number of provincial power grid companies relied on better wind power forecasting products and services.

At the same time, Goldwind continued to pay attention to the transformation of old generation units in the wind power inventory market, and cooperated with a number of large power generation group customers to optimize and upgrade inefficient wind farms, so as to provide customers with a package of solutions, the comprehensive wind resource assessment, load intensity assessment, components testing and assessment, grid connection optimization and transformation, engineering construction, equipment operation and maintenance and asset operation and so on. Among, a southern region in China has implemented the transformation of wind farms, and the annual power generation increased by more than 70%.

In addition, the Company faced the market of major modules of direct-drive and double-fed technology turbines relying on the nationwide component maintenance service network, providing customers with professional and highly efficient maintenance service, as well as comprehensive, integrated services including transportation, installation, technological optimization, and insurance claims. During the Reporting Period, the Company achieved long-term large component maintenance service cooperation with a number of wind power developers. Through rapid maintenance and spare parts replacement services, Goldwind's service helps reduce downtime by more than 50%, minimizes power loss, and saves costs related to maintenance services and procurement of spare parts. At the same time, combined with the wind power systematic analysis, the Company's service team helps find the root cause of component faults and provides more optimized preventive maintenance suggestions, which has been highly recognized by customers.

The Company provided customers with full life cycle of overall solutions, which were customized to solve the possible problems of customers from the whole process including wind farm development, solutions, site selection, design, procurement, construction, operations and so on and provides one-stop service. Through the project construction, realization of the design optimization, technology innovation, accurate delivery, cost reduction and so on, the Company achieved maximum value of wind power project. During the reporting period, the whole solution ability of Company's EPC improved. Through their own advantages, the Company solved the key and difficult problems of customers, such as the grid-connection, land requisition, rush to work and so on, which completed multiple turn-key projects. By the end of 2020, the Company's EPC construction capacity has exceeded 7 million kW.

As at the end of the Reporting Period, the Group's capacity of O&M service projects under operation at home and abroad totalled 14.12GW, representing a year-on-year increase of 28.5%. 45,015 turbines were connected to Goldwind Global Monitor Center, where real-time turbine operation status was provided to customers around the globe.

During the Reporting Period, the Group's revenue from the Wind Power Service business was RMB4,433.70 million, representing an increase of 24.15% YoY.

iii. Wind Farm Investment and Development

In 2020, the Company actively carried out the application of grid parity, competitive bidding projects, large base and offshore wind power projects, and continuously increased the reserve of advantageous resources. At the same time, the Company accelerated the improvement of asset management capabilities and promote the quality and efficiency enhancement of existing assets.

During the Reporting Period, the newly-added attributable grid-connected installed capacity of the Company's domestic and overseas self-operated wind farms was 1,238 MW, and the attributable grid-connected capacity transferred was 437MW. As at the end of the Reporting Period, the global cumulative attributable grid-connected installed capacity was 5,487 MW; the domestic and overseas attributable wind farms under construction were 2,818 MW; the approved yet unconstructed attributable capacity of resources in China was 2,301 MW.

As of the end of 2020, the Company's domestic wind power assets accounted in the consolidated financial statements covered 16 provinces across China, maintaining the "Three North" regional layout and expanding to East China and South China. During the Reporting Period, the average power generation utilization hours of domestic turbine units were 2,223 hours, which was 126 hours higher than the national average. The Company's domestic power generation accounted in the consolidated financial statements was 7.72 billion kWh, and on-grid power generation was 7.488 billion kWh.

The Company actively tried to develop "load-side" resources and various integrated energy sources, and initially achieved the transformation to "Generation-Grid-Load-Storage" integrated energy. The Company implemented the first micro-grid demonstration project in the Erenhot area of Inner Mongolia and the first wind power storage supporting project in Suzhou area of Anhui, and approved the first comprehensive renewable energy application demonstration project led by the local government in Baotou area of Inner Mongolia.

In 2020, the Company achieved full cost and construction period management and control of the project through various measures such as pre-design and optimization, procurement model optimization and construction cost control, formed a continuous optimization mechanism for the cost index of electricity, shortened the construction period, reduced the investment cost and achieved remarkable results, and led to a breakthrough to realize grid connection of projects with capacity of over 1 million kW; At the same time, the Company always strived for excellence in project construction management, and strictly controls the quality of construction projects. During the Reporting Period, the Company's Mulei Laojunmiao Wind Power Project and Guazhou Anbei No. 2 Wind Farm Zone C Project were awarded the honor of "Five-star Maturity of Site Management" by China Association for Quality; The project of Niutouling Wind Farm in Tiandeng County was awarded the first "Five-Star Green Wind Farm" evaluation certificate issued by the China Environmental United Certification Center; The Wengniuteqi Hepingyingzi Wind Power Project was awarded the "China Star of Installation Quality Engineering Award" by China Installation Association (中國安裝協會).

The operational capacity of wind farms continued to grow, from the enhancement of basic operation and maintenance to the focus on asset full life cycle revenue lock-up and value enhancement, from the enhancement of power trading capacity of power-side assets from the load-facing side to the customers, and from the innovation and transformation of the asset management model of wind farms during the operation period driven by digital system, to comprehensively improve the comprehensive income of each wind farm, so as to achieve stable and high-quality investment returns for investors. As at the end of the Reporting Period, the Company's wind farm assets under management amounted to 6.239 million kW, representing a year-on-year increase of 19%.

During the Reporting Period, the Group's generation revenue from wind farm business was RMB4,018.72 million. During the Reporting Period, investment gains from wind farm disposal totalled RMB1,035.22 million.

Item	Reporting Period	Corresponding period last year
Domestic projects		
Total installed capacity (0' 000 kW)	523.97	440.36
Installed capacity of new generators in operation (0' 000 kW)	105.81	29.11
Planned installed capacity of approved projects (0' 000 kW)	230.10	205.73
Planned installed capacity of projects under construction (0' 000 kW)	203.15	195.66
Power generation (000 million kWh)	77.24	79.63
On-grid power generation or electricity sales (000 million kWh)	74.88	77.16
Average on-grid tariff or electricity selling price (RMB/000 million kWh, tax inclusive)	0.52	0.52
Average power consumption rate of power plants (%)	3.05%	3.10%
Utilization hours of power plants (hours)	2,223	2,212
International Projects		
Total installed capacity (0' 000 kW)	24.76	28.31
Installed capacity of new generators in operation (0' 000kW)	17.95	0
Planned installed capacity of projects under construction (0' 000 kW)	78.61	96.56
Power generation (000 million kWh)	7.6	7.6
On-grid power generation or electricity sales (000 million kWh)	7.5	7.5
Average power consumption rate of power plants (%)	2%	2%
Utilization hours of power plants (hours)	2,764	3,160

Note: Due to the differences in development processes and tariff pricing mechanisms, there is no planned installed capacity and average on-grid tariff or electricity selling price of the approved projects for international business.

Power Sales Business of the Company

The Company currently has six electricity sales companies with business scope covering Jiangsu, Shandong, Shanxi, Xinjiang, Shanxi, Sichuan, Henan, Beijing, Tianjin, Hebei and other regions. In combination with the opportunity of national power reform, the Company has established a competitive advantage of tariff with leading trading strategies and load side linkage to provide power users with green energy of high reliability, reasonable cost and convenient use. During the Reporting Period, the contracted capacity of the Company's electricity sales business was 14.4 billion kWh, representing a year-on-year increase of 112%.

iv. Water Treatment Business

Applying risk control and sound business strategy, the Company's water treatment business kept up healthy development in 2020. In order to reduce power consumption and conserve energy, smart water treatment business sector implemented lean management measures from six dimensions, including lowering power usage, reducing drug usage, controlling operation and maintenance (O&M) cost, limiting labor cost, improving water quality, and managing water loss.

The Company promoted a digital smart water platform system. Consisting of energy Internet+, smart operation, big data analysis, visualized and flat mobile monitoring and other emerging technologies, the system smartly recognizes, locates, monitors, calculates, manages, simulates, predicts and optimizes information on water treatment plants. In terms of core technology of water treatment, the Company persisted in practice and innovation. The Sequencing Batch Reactor (SBR) unpowered decanter independently developed by the Company provides abundant applied value for water plants and strong technical support for the stable up-to-standard treated water. The jointly-developed patent technologies, the Membrane Capacitive Deionization (MCDI) and Customizable ozone catalytic technology and related products, have also performed well in energy consumption, performance, and customization.

During the Reporting Period, the State Intellectual Property Office accepts 15 patents applications from Goldwind Environmental Protection. As of the end of the year, Goldwind Environmental Protection obtained 30 patents for new utility model and 3 software copyrights, covering sewage treatment, industrial water treatment, smart water business operation platform and other fields, which effectively improved the operation and treatment efficiency of water plants.

As of the end of the Reporting Period, the Company owns about 50 water treatment project companies, with treatment of more than 3.5 million tonnes of water per day, covering over 10 million people in 13 provinces in China.

During the Reporting Period, the Company's revenue from water treatment business totalled RMB666.09 million revenue, among which water operation business totaled RMB505.99 million, an increase of 21.15% YoY.

v. Major Subsidiaries

As at 31 December 2020, the Group had 452 subsidiaries, which included 44 directly owned subsidiaries and 408 indirectly owned subsidiaries. In addition, the Group had 18 joint ventures, 25 associated companies and 17 equity investments. The Group's principal subsidiaries include R&D and manufacturing companies for WTG components, wind farm development companies, wind power service companies, water treatment plants, finance lease service companies, etc. The following table sets out the key financial information of principal subsidiaries of the Group (reported in accordance with CASBE):

As at 31 December 2020
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.	104,400	12,682,593,414.49	1,562,293,624.00	11,033,571,706.51	97,453,714.71
2	Jiangsu Goldwind Technology Co., Ltd.	75,961	6,991,581,958.27	1,841,631,553.34	4,979,234,755.13	294,024,886.78
3	Beijing Techwin Electric Co., Ltd	10,000	4,463,753,659.88	1,827,636,926.45	4,369,269,344.03	199,068,626.59
4	Beijing Tianrun New Energy Investment Co., Ltd.	555,000	40,651,992,601.36	13,504,935,049.53	3,829,641,236.77	2,016,033,045.17

IV. OPERATIONS PERFORMANCE AND ANALYSIS

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

Summary

For the year ended 31 December 2020, the Group's operating revenue was RMB56,145.83 million, representing an increase of 48.23% compared with RMB37,878.21 million for the year ended 31 December 2019. Net profit attributable to owners of the Company was RMB2,963.51 million, representing an increase of 34.10% compared with RMB2,209.85 million for the year ended 31 December 2019. The Group reported basic earnings per share of RMB0.67.

The following table provides the Group's major financial indicators:

Financial indicators	Year ended 31 December 2020	2019	Change (percentage points)
Profitability Index			
Sales margin attributable to owners of the Company	5.28%	5.83%	–0.55
Return on investment index			
Weighted average return on net assets*	9.51%	7.94%	+1.57

* Calculated according to Announcement [2010] No. 2, *Information Disclosure Compiling Rule No. 9 of Public Offering Company about the Calculation and Disclosure of Net Asset Income Rate and Earnings Per Share.*

Revenue

The Group's revenues were generated primarily from business segments including: (i) the WTG Manufacturing; (ii) Wind Power Services; (iii) Wind Farm Development; and (iv) Other business segments. Revenue from WTG Manufacturing was mainly generated through sales of WTGs and components. Revenue from Wind Power Services was mainly generated through wind farm engineering, construction, maintenance, and other services. Revenue from Wind Farm Development was mainly generated from the sale of electricity produced by wind farms under operation. Revenues from other business segments include revenues from lease financing and from water treatment business.

For the year ended 31 December 2020, The Group's operating revenue was RMB56,145.83 million, representing an increase of 48.23% compared with RMB37,878.21 million for the year ended 31 December 2019. Details are set out as below:

Unit: RMB thousand

Revenue	Year ended 31 December 2020	2019	Amount Change	Percentage Change
WTG Manufacturing	**46,658,568**	28,856,924	17,801,644	61.69%
Wind Power Services	**4,433,703**	3,571,357	862,346	24.15%
Wind Farm Development	**4,018,720**	4,257,234	(238,514)	–5.60%
Others	**1,034,836**	1,192,690	(157,854)	–13.24%
Total	**56,145,827**	37,878,205	18,267,622	48.23%

The increase in operating revenue of the Group was mainly attributable to: (i) the new opportunity and challenge brought by the reduction of subsidy and the start of an era of fair and competitive price for the wind power industry, together with the high market recognition of the Group's products drove the WTGs sale growth in 2020; (ii) as a result of the development of market strategies, revenue from Wind Power Post-Warranty Services during the Reporting Period increased substantially.

Cost of Sales

The Group's cost of sales consisted primarily of raw materials and components, labour, depreciation and amortisation, other production costs, and changes in inventories and transferred fixed assets. The cost of raw materials and components mainly included blades, generators, structural parts, and electric control systems. Labour costs primarily consisted of salaries and wages for employees directly involved in production and wind power services. Depreciation and amortisation expenses were calculated for the usage of fixed assets and intangible assets, respectively, during the Group's operations. Changes in inventories and transferred assets represented the changes in unfinished and finished goods and the use of our WTGs as fixed assets in wind farms developed by the Group, respectively.

The following table provides a breakdown of the Group's cost of sales:

Unit: RMB thousand

Cost	Year ended 31 December 2020	2019	Amount Change	Percentage Change
Raw materials and components	41,837,419	29,453,076	12,384,343	42.05%
Labour	371,624	269,021	102,603	38.14%
Depreciation and amortisation	1,749,303	1,227,927	521,376	42.46%
Other production costs	3,575,982	4,779,906	(1,203,924)	–25.19%
Changes in inventories and transferred assets	(1,035,988)	(4,815,309)	3,779,321	–78.49%
Total	46,498,340	30,914,621	15,583,719	50.41%

The following table provides a breakdown of the Group's cost of sales by business segments:

Unit: RMB thousand

Cost	Year ended 31 December 2020	2019	Amount Change	Percentage Change
WTG Manufacturing	40,192,017	25,286,433	14,905,584	58.95%
Wind Power Services	4,555,300	3,347,475	1,207,825	36.08%
Wind Farm Development	1,304,340	1,610,969	(306,629)	–19.03%
Others	446,683	669,744	(223,061)	–33.31%
Total	46,498,340	30,914,621	15,583,719	50.41%

The increase in cost of sales of the Group was mainly caused by the increase in operating income of the Group in 2020.

Gross Profit

Unit: RMB thousand

Gross Profit	Year ended 31 December 2020	2019	Amount Change	Percentage Change
WTG Manufacturing	6,466,551	3,570,491	2,896,060	81.11%
Wind Power Services	(121,597)	223,882	(345,479)	–154.31%
Wind Farm Development	2,714,380	2,646,265	68,115	2.57%
Others	588,153	522,946	65,207	12.47%
Total	9,647,487	6,963,584	2,683,903	38.54%

Gross profit of the Group mainly comes from WTG Manufacturing business and Wind Farm Development business. The gross profit decreased mainly due to the decrease of gross profit from wind farm engineering and construction service compared with prior period.

For the year ended 31 December 2020 and 2019, the Group's comprehensive gross profit margins were 17.18% and 18.38%, respectively. The gross profit margins for the WTG Manufacturing segment were 13.86% and 12.37%, respectively. The following table sets out the gross profit margins for WTGs (prepared in accordance with CASBE):

Gross Profit Margin	Year ended 31 December 2020	2019	Change (percentage points)
6S/8S	20.16%	15.80%	4.36
3S/4S	14.11%	13.98%	0.13
2S	13.85%	11.58%	2.27
1.5MW	26.19%	25.98%	0.21

Gross profit margin for all WTG product series increased during the Reporting Period.

Other Income and Gains, Net

Other net incomes and gains of the Group mainly consist of gain on disposal of subsidiaries (including the sales revenue of wind power equipment realized due to the sales of such wind farms), interest income, insurance compensation on product warranty expenditures, gross rental income from investment properties and equipment, and government grants obtained for R&D projects and production facilities, etc.

Other net income and gains of the Group were RMB2,147.24 million for the year ended 31 December 2020, representing a decrease of 9.53% compared with RMB2,373.31 million for the year ended 31 December 2019. This was mainly caused by the decrease in insurance compensation on product warranty expenditures, the decrease in gain on disposal of investment properties, gain on disposal of items of property, plant and equipment, fair value gains, etc. Such decrease was offset by the increase in gain on disposal of subsidiaries(including gain on re-measurement of the remaining equity interests in investees at the date of losing control), the increase in interest income, etc.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly include product warranty provisions, freight charges, insurance premiums, bidding service fees, staff costs, delayed operation expenses, etc.

Selling and distribution expenses of the Group for the year ended 31 December 2020 was RMB3,651.45 million, representing an increase of 30.22% compared with RMB2,804.14 million for the year ended 31 December 2019. This was mainly caused by the increase in delayed operation expenses and product warranty provisions. Such increase was offset by the decrease in staff costs, freight charges, etc.

Administrative Expenses

The Group's administrative expenses mainly include R&D expenses, staff costs, depreciation, consultancy fees and travel expenses, etc.

Administrative expenses of the Group for the year ended 31 December 2020 was RMB3,485.14 million, representing an increase of 32.19% compared with RMB2,636.53 million for the year ended 31 December 2019. This was mainly caused by the increase in staff costs, R&D expenses, and surtaxes.

Impairment Losses on Financial and Contract Assets, Net

The Group's impairment losses on financial and contract assets primarily consisted of impairment losses on trade receivables, other receivables, contract assets, etc.

Impairment losses on financial and contract assets for the year ended 31 December 2020 was RMB149.55 million, representing an increase of 711.89% compared with net gain of RMB24.44 million for the corresponding period in 2019. This was mainly attributable to the increase in impairment of trade receivables, other receivables, etc.

Other Expenses

Other expenses of the Group mainly include bank charges, foreign exchange net losses, assets impairment provision, etc.

For the year ended 31 December 2020 the Group's other expenses were RMB618.20 million, maintained at roughly the same level compared with RMB611.45 million for the year ended 31 December 2019.

Finance Costs

For the year ended 31 December 2020 the Group's finance costs were RMB881.01 million, representing a decrease of 20.58% compared with RMB1,109.32 million for the year ended 31 December 2019. This was mainly due to the decrease in interest expenses for interest-bearing bank and other borrowings and the increase in capitalised interest, etc.

Income Tax Expense

For the year ended 31 December 2020 the Group's income tax expense was RMB308.06 million, representing a decrease of 7.03% compared with RMB331.35 million for the year ended 31 December 2019. This was mainly due to increased non-taxable profit compared with prior year.

Financial Position

As of 31 December 2020 and 31 December 2019, the Group's total assets were RMB109,138.18 million and RMB103,057.08 million, respectively. Total current assets were RMB44,038.27 million and RMB48,444.17 million, respectively. The ratio of current assets to total assets were 40.35% and 47.01%, respectively. The decrease in current assets was mainly due to the decrease in assets of disposal groups classified as held for sale, inventory, prepayments, other receivables and other assets. Such decrease was offset by the increase in trade receivables, cash and cash equivalents, derivative financial instruments, etc.

As of 31 December 2020 and 31 December 2019, the Group's total non-current assets were RMB65,099.92 million and RMB54,612.92 million, respectively. The increase in total non-current asset was mainly due to the increase in property, plant and equipment as a result of increased number of wind farms either under operation or under construction, the increase in the interests in joint ventures, the increase in right-of-use assets, prepayments, other receivables and other assets, other intangible assets, financial receivables, deferred tax assets, financial assets at fair value through profit or loss. Such increase was offset by the decrease in contract assets, other non-current financial assets, etc.

As of 31 December 2020 and 31 December 2019, the Group's total liabilities were RMB74,164.89 million and RMB70,832.84 million, respectively. Total current liabilities were RMB47,844.83 million and RMB49,568.90 million, respectively. The decrease in current liabilities was mainly due to the decrease in liabilities directly associated with the assets classified as held for sale, the decrease in other payables and accruals. Such decrease was offset by the increase in trade and bills payables, provision, derivative financial instruments,etc.

As of 31 December 2020 and 31 December 2019, the Group's total non-current liabilities were RMB26,320.06 million and RMB21,263.94 million, respectively. This was mainly due to the increase in interest-bearing bank and other borrowings, provision, trade payables, etc.

As of 31 December 2020 and 31 December 2019, the Group's net current liabilities were RMB3,806.57 million and RMB1,124.73 million, respectively. The Group's net assets were RMB34,973.29 million and RMB32,224.25 million, respectively.

As of 31 December 2020 and 31 December 2019, the Group's cash and cash equivalents were RMB7,709.22 million and RMB6,820.78 million, respectively. The interest-bearing bank and other borrowings were RMB25,555.17 million and RMB21,741.51 million, respectively.

Financial Resources and Liquidity

Unit: RMB thousand

	Year ended 31 December	
	2020	2019
Net cash flows from operating activities	**5,377,445**	5,928,783
Net cash flows used in investing activities	**(5,719,254)**	(10,266,612)
Net cash flows from financing activities	**1,469,885**	6,131,065
Net increase in cash and cash equivalents	**1,128,076**	1,793,236
Cash and cash equivalents at beginning of Reporting Period	**6,807,417**	5,012,017
Net effect of foreign exchange rate changes	**(230,170)**	2,164
Cash and cash equivalents at end of Reporting Period	**7,705,323**	6,807,417

1. Cash flows from operating activities

The net cash receipts of the Group's operations mainly include pre-tax profits, plus adjustments for non-cash items, changes in operating capital, other income and gains, etc.

For the year ended 31 December 2020 the Group's net cash flows from operating activities were RMB5,377.45 million. Cash inflows consist mainly of profit before tax of RMB3,273.54 million, income tax payments of RMB308.06 million, adjustments of the increase of RMB5,396.06 million in trade and bills payables, the increase of RMB1,616.48 million in depreciation, the increase of RMB1,185.13 million in provision, the increase of RMB881.01 million in finance costs, the decrease of RMB614.23 million in contract assets, the decrease of RMB607.74 million in inventory, etc. The cash inflows were offset by the increase of RMB5,032.63 million in trade and bills receivables, the increase of RMB775.36 million in gain on remeasurement of the previously held interest in acquirees at the date of losing control, the decrease of RMB708.45 million in other payables and accruals, the increase of RMB696.19 million in prepayments, other receivables and other assets, the increase of RMB424.41 million in financial receivables, the increase of RMB327.56 million in interest income, etc.

For the year ended 31 December 2019 the Group's net cash flows from operating activities were RMB5,928.78 million. Cash inflows consist mainly of profit before tax of RMB2,561.11 million, income tax payments of RMB331.35 million, adjustments of the increase of RMB6,912.61 million in other payables, the increase of RMB2,280.93 million. in trade and bill payables, the increase of RMB1,322.45 million in depreciation, and the increase of RMB1,109.32 million in finance costs, etc. The cash inflows were offset by the increase of RMB3,141.45 million in inventory, the increase of RMB1,582.62 million in prepayments, other receivables and other assets, the increase of RMB937.72 million in trade and bill receivables, the increase of RMB720.83 million in gain on disposal of subsidiaries, the increase of RMB656.93 million in contract assets, the increase of RMB487.60 million in finance receivables, the increase of RMB348.44 million in share of profits of joint ventures, the increase of RMB227.81 million in interest income, the increase of RMB207.25 million in gain on disposal of investments in associates and joint ventures, and the increase of RMB197.47 million in gain on disposal of investment properties, etc.

2. Cash flows used in investing activities

The net cash used in investing activities of the Group mainly consists of purchase of properties, plant and equipment, purchases of financial assets, disposals of subsidiaries, disposals of shareholding in associates and joint ventures, etc.

For the year ended 31 December 2020 the Group's net cash flows used in investing activities were RMB5,719.25 million. Cash outflows consist mainly of purchase of property, plant and equipment of RMB7,578.43 million, purchases of financial assets at fair value through profit or loss of RMB1,000.00 million, increase in advances to equity investment of RMB369.96 million, etc. The cash outflows were offset by the cash inflows from disposals of subsidiaries, net of cash disposed of RMB1,753.76 million, cash received from disposal of subsidiaries during previous year of RMB795.39 million, disposals of financial assets at fair value through profit or loss of RMB748.72 million, disposals of shareholding in associates and joint ventures of RMB236.45 million, etc.

For the year ended 31 December 2019 the Group's net cash flows used in investing activities were RMB10,266.61 million. Cash outflows consist mainly of purchase of property, plant and equipment of RMB10,968.12 million, purchases of financial assets at fair value through profit or loss of RMB740.00 million, investments in associates of RMB520.51 million, etc. The cash outflows were offset by cash inflows from disposals of subsidiaries, net of cash disposed of RMB1,230.32 million, disposals of shareholding in associates and joint ventures of RMB608.82 million, etc.

3. Cash flows from financing activities

The net cash flows from financing activities of the Group mainly consist of new bank and other borrowings and proceeds from issuance of perpetual securities, net of issuance costs.

For the year ended 31 December 2020 the Group's net cash inflows from financing activities were RMB1,469.89 million. Cash inflows consist mainly of new bank and other borrowings of RMB8,276.69 million, proceeds from issuance of perpetual securities, net of issuance costs of RMB997.00 million, etc. Cash inflows were offset by repayment of bank and other borrowings of RMB6,021.03 million, interest paid of RMB976.83 million, dividend paid of RMB784.39 million, etc.

For the year ended 31 December 2019 the Group's net cash inflows from financing activities were RMB6,131.07 million. Cash inflows consist mainly of new bank and other borrowings of RMB11,458.08 million, proceeds from issue of shares of RMB4,639.73 million. Cash inflows were offset by repayment of bank and other borrowings of RMB7,641.61 million, dividend paid of RMB1,181.36 million, interest paid of RMB1,073.35 million, etc.

Capital Expenditure

For the year ended 31 December 2020 the Group's capital expenditures were RMB10,370.47 million, representing a decrease of 20.46% compared with RMB13,037.53 million for the year ended 31 December 2019. The primary sources of funds to finance capital expenditures are bank loans and cash flows from operating activities of the Group.

Interest-bearing bank and other borrowings

As at 31 December 2020, the Group's interest-bearing bank loans were RMB23,136.73 million, including bank loans repayable within one year of RMB5,098.32 million, in the second year of RMB3,730.66 million, in the third to fifth year of RMB4,886.24 million, and above five years of RMB9,421.51 million. In addition, as at 31 December 2020, the Group's other borrowings were RMB2,418.44 million, including other borrowings repayable within one year of RMB513.92 million, in the second year of RMB266.74 million, in the third to fifth year of RMB801.51 million, and above five year of RMB836.27 million. During the Reporting Period, the Group did not apply any interest rate hedging methods.

Capitalization of Interest

For the year ended 31 December 2020, the Group's capitalised interest expenses were RMB165.49 million.

Reserves

As at 31 December 2020, the Company's reserves distributable to shareholders were RMB1,428.94 million. This was the lower figure calculated under CASBE and IFRS.

Restricted Assets

As at 31 December 2020, certain assets of the Group with a total carrying value of RMB20,880.76 million were pledged as security for certain bank loans, other banking facilities, power price swap contract, finance leases, etc. Such assets include bank deposits of RMB672.69 million, trade and bills receivables of RMB5,319.28 million, financial receivables of RMB1,807.79 million, property, plant and equipment of RMB12,920.74 million, right-of-use asset of RMB160.26 million.

As at 31 December 2019, certain assets of the Group with a total carrying value of RMB22,293.56 million were pledged as security for certain bank loans, other banking facilities, power price swap contract, finance leases,etc. Such assets include bank deposits of RMB533.10 million, trade and bills receivables of RMB3,923.34 million, financial receivables of RMB571.60 million, property, plant and equipment of RMB10,686.20 million, right-of-use asset of RMB597.05 million, prepayments, other receivables and other assets of RMB14.34 million, inventories of RMB0.44 million and held for sale assets of RMB5,967.49 million.

Gearing Ratio

As at 31 December 2020, the Group's gearing ratio, defined as net debt divided by the sum of capital and net debt, was 59.25%, representing an increase of 0.62 percentage point compared with 58.63% as at 31 December 2019.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group primarily operated its businesses in China. Over 88% of the Group's revenue, expenditure, and financial assets and liabilities were denominated in RMB. The exchange rate of the RMB against foreign currencies did not have a significant impact on the Group's businesses. For the year ended 31 December 2020, 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 consisted of letters of credit issued, letters of guarantee issued, guarantees and compensation arrangements given to banks in connection with bank loans granted to joint ventures, associates or independent third parties.

As at 31 December 2020, the Group's contingent liabilities were RMB19,084.22 million, representing a decrease of RMB1,918.61 million compared with RMB21,002.83 million as at 31 December 2019.

Significant Investments

The Group made no significant investment during the year ended 31 December 2020.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals during the year ended 31 December 2020.

Future Plans for Material Investments or Capital Assets

As at the date of this report, there is no plan authorized by the Board for material investments or additions of capital assets.

V. OUTLOOK FOR THE FUTURE

1. Overall Trend of Industrial Development

The International Energy Agency (IEA) released the report *World Energy Outlook 2020 (《世界能源展望2020》)* stating that renewable energy power generation has shown strong resilience during the pandemic and is expected to achieve strong growth. It is expected that renewable energy will account for 80% of the increase in global electricity demand from 2020 to 2030. Renewable energy will replace coal as the main form of power generation, and by 2030, nearly 40% of the power supply will be provided by hydro, wind, photovoltaic, biomass, geothermal and marine energy. China's renewable energy generation will increase by nearly 1,500 TWh, equivalent to the sum of power generation in France, Germany and Italy in 2019.

According to the *Global Renewable Energy Outlook-Energy Transition 2050 (《全球可再生能源展望—能源轉型2050》)* issued by the International Renewable Energy Agency (IRENA), renewable energy and related technologies are widely used and hold leading positions in the global new power installation. The cost of solar and wind power will become competitive in the next decade. By 2050, solar and wind power will lead the transformation of the global power industry, and wind power will become the main source of power generation, providing for more than one-third of the total power demand.

The *2020 Global Offshore Wind Power Report (《2020全球海上風電報告》)* released by GWEC states that by 2030, global offshore wind power installation capacity will exceed 234GW. By then, China is expected to surpass the United Kingdom and become the country with the largest cumulative installation capacity of offshore wind power in the world. An inevitable trend in the development of offshore wind industry is larger unit-capacity turbines. The average unit-capacity of offshore wind turbines in 2020 will be 6.5MW, and will reach 10-12MW in 2025.

Wood Mackenzie's *Global Wind Power Market Outlook Update-Second Quarter of 2020 (《全球風電市場展望更新—2020年第二季度》)* predicts that in the medium and long term, due to the extension of Product Tax Credit (PTC) in the United States, the arrival of grid-parity era in China, and the continuation of auctions in Europe and emerging markets, the average annual growth rate of new grid-connection of global wind power will remain at a high level of 4.1%, and the compound annual growth rate of cumulative grid-connection of global wind power will reach 7.8% in the next decade. The global offshore wind power market will maintain rapid growth, with an average annual growth rate of 16.2%. The main support will come from emerging offshore wind power markets such as China and the United States, as well as mature markets such as the United Kingdom, Northern Europe, and Japan.

2. Development Trend of Domestic Market in 2021

The 2021 Government Work Report (《2021年政府工作報告》) has set a target for GDP growth of more than 6% in 2021. On the basis of green development and scientific development, the Company continued to emphasize the optimization of industrial structure and energy structure, and proposed to formulate the action plan for reaching the peak of carbon emission by 2030 to vigorously develop new energy. The energy consumption per unit of GDP and carbon dioxide emissions were reduced by 13.5% and 18% respectively (5 years accumulated) and the clean heating rate in the northern region reached 70%.

China's "14th Five-Year Plan" for renewable energy development has been put on the agenda, and the NEA issued the *Notice on the Drafting of the 14th Five-Year Plan for the Development of Renewable Energy (《關於做好可再生能源發展「十四五」規劃編製工作相關事項的通知》)*, requiring attention to the development of renewable energy. The preparation and planning of the "14th Five-Year Plan" will promote the strategy of constant cost reduction, scale expansion, layout optimization, quality and efficiency improvement of renewable energy, achieving high growth rate and high quality development, promoting renewable energy to become the main body of increased energy consumption during the 14th Five-Year Plan, and achieving a strategic target of 20% of non-fossil energy consumption by 2030.

The NDRC and the NEA issued the *"Guiding Opinions on Promoting the Integration and Multi-Energy Complementary Development of Power Source Grid (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》)*, which clearly stated that the institution designated by the NEA is responsible for leading the establishment of the coordination, operation and benefit sharing mechanism of power source grid and multi-energy complementary projects in the region where it is located, further deepening the construction of market mechanisms such as power auxiliary service market and medium and long-term transactions, fully exploring the adjustment capabilities of various parties such as conventional power sources, energy storage and user load, and improving the consumption level of renewable energy.

3. Corporate Strategy

Goldwind adheres to the mission of "contributing clean water and blue sky to mankind and leaving more resources to the future" and is committed to "becoming the industry leader in the comprehensive solutions for global clean energy, energy conservation and environmental protection". During the "14th Five-Year Plan" period, Goldwind will adhere to the strategic pursuit of "quality, innovation, synergy, talents and growth", adhere to the development concept of "high-quality and sustainable development, pursuing a better life", persist in the management breakthrough of "being customer-oriented and strategy-driven, efficiency-driven with enhancement of organizational vitality and risk prevention", and emphasize the digitalization, internationalization and sustainable development of various businesses, so that Goldwind can become a high-tech sustainable enterprise that earns respect round the world.

4. Company Business Plan and Major Objectives

In 2021, the Company will continue to adhere to the development concept of "synergy, intelligence and scale", seize the development opportunities of the industry, center around customers, focus on value, strengthen core competitiveness and maintain its leading position in the industry through technological innovation, business model innovation and management innovation. In 2021, the wind power industry has officially entered an era of grid parity. The Company will continue to launch wind turbine products that meet customers' expectations through technological innovation based on the "customer-oriented" principle. We will persist in giving priority to the market, seize opportunities to acquire resources, strive to achieve large-scale development in various scenarios such as large base, centralized, distributed and offshore, and pursue high-quality and large-scale development. At the same time, internal business and management are closely coordinated to enhance the Company's competitive advantages in the whole industry chain.

5. Capital Requirements

According to Company's operation objectives and plans for 2021, the Company's working capital in 2021 will be financed mainly by self-owned capital and bank loans. The Company has a strong solvency position with high reputation, in tandem with stable and smooth financing channels, and sources of capital are sufficiently guaranteed.

6. Possible Risks

(1) Policy Risk

The development of wind power industry is impacted by national policies and industrial development, and the changes of policies will inherently impact the production and sales of major products of the Company.

(2) Market Competition Risk

Along with market consolidation, competition among peer companies may intensify due to demands in expanding market share, seizing of advantageous resources, and improving product quality.

(3) Economic Environment and Exchange Rate Fluctuations

An increasingly complicated current domestic and international economic environment, rising geopolitical risks, emerging trade protectionism, and greater risk of global economic recession impacted by the COVID-19 pandemic have brought uncertainties to domestic and international macro economy which might affect the Company's international strategy and business expansion. The Company's overseas business is mainly settled in U.S. dollars, Australian dollars or local currencies, thus there might be a risk of loss caused by exchange rate fluctuation.

(4) Continual Impacts by the COVID-19 Pandemic

In 2020, the COVID-19 pandemic broke out globally, causing a huge impact on the world economy. In China, the pandemic has largely been under control, the situation has gradually improved, and work and production has resumed rapidly. However, the situation of the pandemic overseas is still severe. The Company actively deployed scientific prevention and control measures, purchased protective materials, and made a lot of effort to prevent and control the epidemic. During the Reporting Period, the Company achieved zero infection, smooth running of production and operation, a good performance in financial structure and asset condition, and phased achievements of organized promotion of project construction. If the pandemic cannot be effectively controlled in the future, and the pandemic situation in China persists in the long-term, it may adversely affect the Company's production and operation.

In response to the risks that mentioned above, the Company will root in the main business of manufacturing, use technological innovation and product upgrade as an important driver for development, actively expand the service market and advantageous resource reserves, and promote the quality and efficiency of holding assets. The Company will continue to improve product full-life-cycle asset management capabilities, accelerate the implementation of "Offshore and Overseas" strategy, nurture business development in energy conservation and environmental protection, continue to improve the Company's diversified profit-making capabilities, and achieve the Company's sustainable development. Facing the pandemic, the Company will be prepared for the normalisation of pandemic prevention. While ensuring pandemic prevention and control and implementing safety measures, the Company will adjust its operating policies in a timely manner in response to changes in relevant circumstances and actively address challenges.

VI. CORE COMPETITIVE ADVANTAGES

i. Market Leading Position

Goldwind was among the earliest enterprises to enter into the field of WTG manufacturers in China. After 20 years of development, Goldwind has gradually become an industry-leading, comprehensive wind power solution provider in both China and overseas. The Group's 1.5MW-unit, 2S-series, 3S/4S-series and 6S/8S series Permanent Magnet Direct Drive (PMDD) Wind Turbine Generators (WTGs) with independent intellectual property rights represent the most promising technology in global wind power industry. Goldwind was ranked the largest wind power manufacturer in China by market share for ten consecutive years and was ranked the second largest in the world in 2020, symbolising its industry-leading position for many years.

ii. Advanced Products and Technology

Goldwind's PMDD WTGs are well-recognised by customers for their superior performance, including high efficiency, low operation and maintenance cost, grid-friendly features, and high reliability. The Company has seven R&D centers in the world and more than 2,000 R&D staff with extensive industry experience, contributing to the advancement of new products and technologies. Through mastering more cutting-edge technologies, the Company constantly develops and streamlines its serialised product portfolio to ensure the application of products in diversified usage scenarios and the adaptation to various meteorological and geographical conditions, such as low temperature, high temperature, high altitude, low wind speed, and offshore, which ensures the Company's market coverage. The Company's outstanding product quality and performance has been demonstrated by its substantial order backlog, which provides visibility to Company's revenue in the foreseeable future.

iii. Brand Awareness and Reputation

The Company attaches great importance to the quality of wind turbine products, and insists on the approach of quality benefits. With more than 20 years of WTG R&D and manufacturing experience, the Company ensures the quality and reliability of the WTGs and to reduce the levelized cost of energy (LCOE) throughout turbine lifecycle. Goldwind has earned good reputation and industry leverage after years of industry precipitation thanks to its advanced technology, excellent quality, high power generation efficiency, warranty service and overall solutions for its customers. It has been highly recognized by the government, customers, partners and investors.

iv. Comprehensive Solution Provider

Relying on Goldwind's advanced technology, product and years of experience in wind power development, construction, and O&M, in addition to WTG sales, the Company actively explores wind farm services and systematic development solutions of wind farms to satisfy customer needs throughout the value chain. Through years of development, these solutions have become an important contributor to the Company's profit, and have been tested and verified successfully in the market. Meanwhile, these solutions have enhanced the Company's competitiveness as a whole and gained an advantage in unique market competition. In the field of energy conservation and environmental protection, the Company quickly accumulated water treatment and environmental protection assets, and developed smart water treatment solutions. Goldwind is committed to becoming a global leader in clean energy, energy conservation and environmental protection solutions.

v. Internationalisation

As one of the first domestic wind power enterprises in China to have expanded overseas business, Goldwind has actively promoted its internationalisation strategy for many years, adhering to the aim of "promoting internationalisation through localisation". The Company has not only made breakthroughs in key target markets including Americas, Australia, and Europe, but also expanded to emerging markets including Africa and Asia. Goldwind actively participated in international market competition and has achieved remarkable accomplishments. As of now, the Company's international business has spread across six continents with eight overseas regional centers around the world, fully realising the internationalisation of capital, market, technology, talent, and management.

Profiles of Directors, Supervisors and Senior Management

Below are the profiles of Directors, Supervisors and Senior Management that were in office as at 31 December 2020:

EXECUTIVE DIRECTORS

Mr. Wu Gang (武鋼先生)

Mr. Wu Gang ("**Mr. Wu**"), aged 63, is currently the Chairman. Mr. Wu graduated from Dalian University of Technology with a master's degree. He is a professor level senior engineer and an expert entitled to a special allowance granted by the State Council. Mr. Wu served as the Head of Teaching and Researching Office of Xinjiang Water Power School from 1983 to 1987; head of wind farms of Xinjiang Wind Power Company from 1987 to 1993; vice general manager of Xinjiang Wind Power Co., Ltd. from 1993 to 1997; and general manager of the Company from 1997 to 2002. He was appointed as the Chairman in May 2002 and previously served as the Company's general manager between 2002 and 2006, CEO between 2006 and 2013 and President between March 2012 and January 2013.

Mr. Wu served as the Chairman and the Party Secretary of Xinjiang New Energy (Group) Co., Ltd between June 2012 and November 2018. The above company is a non-listed company.

Mr. Cao Zhigang (曹志剛先生)

Mr. Cao Zhigang ("**Mr. Cao**"), aged 46, is currently an executive Director and the President. Mr. Cao graduated from Xinjiang University with a bachelor's degree. He is a senior engineer. Mr. Cao worked in Xinjiang Wind Power Company from July 1998 to February 1999; Technology Department of Xinjiang New Wind Technology and Trade Co., Ltd. from March 1999 to March 2001. Mr. Cao worked in the Technology Department of the Company from March 2001 to April 2002; served as the head of electricity control business department of the Company from May 2002 to February 2005; the head of chief engineer office and vice chief engineer of the Company from March 2005 to March 2006; the vice president of the Company from March 2006 to March 2010; the executive vice president of the Company from March 2010 to July 2019; the President of the Company since July 2019. He was appointed as an executive Director since June 2013.

Mr. Cao is concurrently the Deputy Chairman of JL MAG Rare-Earth Co., Ltd.* (江西金力永磁科技股份有限公司), which is listed on the Shenzhen Stock Exchange.

Mr. Wang Haibo (王海波先生)

Mr. Wang Haibo ("**Mr. Wang**"), aged 47, is currently an executive Director and the executive vice president of the Company. Mr. Wang graduated from Xinjiang Finance and Economics University with a bachelor's degree. Mr. Wang served as region executive of Xinjiang Xintian International Economic Trade Co., Ltd. from August 1996 to March 2000; sales manager of Shenzhen Beisuer Co., Ltd. from March 2000 to August 2000; worked in marketing department of Xinjiang New Wind Technology and Trade Co., Ltd. from August 2000 to March 2001. Mr. Wang served as director of sales center and investment development of the Company from March 2001 to March 2007; employee representative supervisor of the Company from 2005 July to March 2010; Beijing Tianrun's deputy general manager, general manager and chairman of the board from April 2007 to July 2017. Mr. Wang served as vice president of the Company between March 2010 to January 2012 and executive vice president of the Company from January 2012 to January 2013. Mr. Wang served as general manager, director and chairman of the board of Goldwind International from July 2010 to June 2017; the President of the Company from January 2013 to July 2019; the executive vice president of the Company since August 2019. He was appointed as an executive Director in June 2012.

NON-EXECUTIVE DIRECTORS

Mr. Gao Jianjun (高建軍先生)

Mr. Gao Jianjun ("**Mr. Gao**"), aged 54, is currently a non-executive Director. Mr. Gao graduated from Xinjiang Coal Academy with a major in mining engineering and studied in the postgraduate course of economic management in the department of Quantitative Economics and Technology of China Academy of Social Sciences. Mr. Gao served as vice director of the Xinjiang Uygur Autonomous Region (the "Autonomous Region") Economic and Trade Commission ("ETC") from June 2000 to April 2001; director of Investment and Planning Department of Autonomous Region ETC from February 2006 to January 2008, during which on the job-replacement as deputy chief of Trade and Industry Bureau of Bao'an District in Shenzhen from April 2006 to October 2006; director of Industrial Park Management Department and Deputy Secretary General of the Autonomous Region ETC from January 2008 to August 2008. From August 2008 to August 2012, Mr. Gao served as party Secretary and Officer of the Autonomous Region Machinery Electronics Industry Management Office, during which he studied in the 68th department-level cadres class of the Central Party School. From August 2012 to November 2018, Mr. Gao has served as Deputy Party Secretary, General Manager and Director of Xinjiang New Energy (Group) Co., Ltd. Since November 2018, he has served as Party Secretary and the Chairman of Xinjiang New Energy (Group) Co., Ltd. Since September 2019, he has served as the director of Xinjiang Lixin Energy Co., Ltd. Since December 2016, Mr. Gao has served as Party Secretary and Chairman of Xinjiang Wind Energy, a substantial shareholder of the Company. Mr. Gao was appointed as a non-executive Director of the Company in March 2017.

Mr. Lu Hailin (盧海林先生)

Mr. Lu Hailin ("**Mr. Lu**"), aged 49, is currently a non-executive director. Director. Mr. Lu holds a master's degree and he graduated from Beijing Normal University, majoring in business administration. From July 1992 to December 1998, Mr. Lu served as accountant of Institute of Exploration Engineering, Ministry of Geology and Mineral Resources. He currently serves as chief accountant and general counsel of China Three Gorges New Energy Co., Ltd. From January 1999 to July 2003, Mr. Lu served as accountant of the Finance Department of China International Water & Electric Corporation and Chief Accountant stationed in Ghana. From July 2003 to April 2006, he served as Deputy Factory Director and Chief Accountant of Printing Factory of Water Conservancy and Electric Power Publishing House. From April 2006 to August 2007, he served as Deputy Director of the Financial Centre of China Water Investment Group Corporation. From August 2007 to July 2010, he served as Director of the Asset Finance Department (Financial Centre) of China Water Investment Group Corporation. From July 2010 to November 2015, he served as Director of the Asset Finance Department of China Three Gorges New Energy Co, Ltd, during which he graduated from Beijing Normal University with an MBA from September 2010 to July 2012. From November 2015 to April 2016, he served as Director of the Asset Finance Department of China Three Gorges New Energy Co., Ltd. From April 2016 to July 2017, he served as Chief Economist and Director of the Asset Finance Department of China Three Gorges New Energy Co., Ltd. From July 2017 to July 2018, he served as Chief Accountant, Chief Economist and Director of the Asset Finance Department of China Three Gorges New Energy Co., Ltd. Since 7th December 2017, he served as a member of the party committee of China Three Gorges New Energy Co., Ltd. From July 2018 to September 2018, he served as Chief Accountant and Chief Economist of China Three Gorges New Energy Co., Ltd. From September 2018 to April 2019, he served as Chief Accountant of China Three Gorges New Energy Co., Ltd. Since April 2019, he has served as Chief Accountant and General Counsel of China Three Gorges New Energy Co., Ltd. Mr. Lu is currently a supervisor of China Three Gorges Group Fujian Energy Investment Co., Ltd. Mr. Lu was appointed as a non-executive director of the Company since June 2019.

Ms. Dong Zhenyu (董真瑜女士)

Ms. Dong Zhenyu ("**Dr. Dong**"), aged 32, is currently a non-executive director. Ms Dong graduated from the University of Nottingham, majoring in International Business and Communication, and graduated from the University of Pennsylvania with a Master of Arts degree, majoring in political economy. Ms. Dong served as a vice president of Business of Northern Project Division of Taiping Asset Management Co., Ltd. from August 2014 to June 2019. Ms. Dong was an alternative manager of the Asset Management Center of Hexie Health Insurance Co., Ltd. from July 2019 to January 2020. Ms. Dong has served as a Deputy General Manager of the Alternative Investment Department of the Asset Management Center of Hexie Health Insurance Co., Ltd. from January 2020 to October 2020; served as Deputy General Manager of the Portfolio Management Department of the Asset Management Center of Hexie Health Insurance Co,. Ltd since October 2020. Ms. Dong has served as a non-executive director of the Company from October 2020 to April 2021. Ms. Dong resigned as a non-executive director of the Company on 12 April 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tin Yau Kelvin Wong (黃天祐博士)

Dr. Tin Yau Kelvin Wong ("**Dr. Wong**"), aged 60, is currently an independent non-executive Director. He obtained his Master of Business Administration from Andrews University in Michigan, the USA and his Doctorate of Business Administration from The Hong Kong Polytechnic University. He currently serves as executive director and deputy managing director of COSCO SHIPPING Ports Limited, which is a company listed on the Hong Kong Stock Exchange. Dr. Wong previously served as an independent non-executive Director of the Company from June 2011 to June 2016 and was appointed as an independent non-executive Director of the Company again in October 2016.

Dr. Wong served as credit analysis at Wing Lung Banking Limited from 1985 to 1987; served as credit manager at Tokyo Bank from 1987 to 1988; served as credit manager and securities analyst at Lyon Bank from 1988 to 1991; served as senior financial manager at Chuang's China Investments Limited from 1992 to 1994; served as corporate develop general manager at Termbray Industries International (Holdings) Limited from 1994 to 1996; and serves as executive director, a deputy managing director at COSCO SHIPPING Ports Limited since 1996.

Dr. Wong is the Chairman and was a member (2015-2018) of Financial Reporting Council, and a member of Operations Review Committee of Independent Commission Against Corruption. He was a non-executive director of Securities and Futures Commission (2012-2018), the Chairman of Investor and Financial Education Council (2017-2018), the Chairman of The Hong Kong Institute of Directors (2009-2014), a member of Main Board and GEM Listing Committees of The Stock Exchange of Hong Kong Limited (2007-2013) and a member of Standing Committee on Company Law Reform (2010-2016). Dr. Wong was appointed as Justice of the Peace by The Government of the Hong Kong Special Administrative Region in 2013.

As at 31 December 2020, Dr. Wong was concurrently an independent non-executive Director of China ZhengTong Auto Services Holdings Limited, I.T Limited, and JS Global Lifestyle Company Limited. The securities of the above companies are listed on the Hong Kong Stock Exchange. He is also an independent non-executive Director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd and Yangtze Optical Fibre and Cable Joint Stock Limited Company. The securities of the above companies are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Mr. Wei Wei (魏煒先生)

Mr. Wei Wei ("**Mr. Wei**"), aged 56, is currently an independent non-executive Director. Mr. Wei holds a PhD in Management Science and Engineering from Huazhong University of Science and Technology. He is currently a professor of Peking University HSBC Business School. From May 1990 to August 2000, Mr. Wei served as Associate Professor in the Faculty of Management Engineering of Xinjiang Institute of Technology. From August 2000 to December 2013, he served as Associate Professor in the School of Economics and Management of Xinjiang University. From June 2014 to July 2016, he was a Postdoctoral Fellow at the China Center for Economic Research of Peking University. Since July 2016, he has served as Professor of Peking University HSBC Business School. Mr. Wei was appointed as an independent non-executive director of the Company since June 2019.

Mr. Wei is an independent non-executive director of Wuxi Hodgen Technology Co., Ltd., the securities of which are listed on the Shenzhen Stock Exchange.

Ms. Yang Jianping (楊劍萍女士)

Ms. Yang Jianping ("**Ms. Yang**"), aged 54, is currently an independent non-executive Director. Ms Yang graduated from the Central University of Finance and Economics with a bachelor degree. She is currently a partner, Vice President, Chief Assessor of Zhongshui Zhiyuan Assets Appraisal Co., Ltd. She is a Certified Public Accountant (CPA), Certified Property Valuer (CPV), Certified Risk Appraiser (CRAP), International Certified Valuation Specialist (IACVA), fellow of Royal Institution of Chartered Surveyors (RICS) and M&A trader. She is a member of the Education and Training Committee of China Appraisal Society, member of the Professional Technical Steering Committee of Beijing Appraisal Society, member of the Technical Assistance Committee of Small & Medium-Sized Appraisal Organizations, and continuing education trainer of China Appraisal Society. She is one of the first gold medal members of the assets appraisal industry in the PRC and one of the first leading talents in the assets appraisal industry. She is a part-time postgraduate off-site tutor of the Central University of Finance and Economics, Capital University of Economics and Business and Shandong University of Business and Technology. She is also a project appraisal expert of large-scale state-owned enterprises such as SASAC, the Ministry of Finance, COFCO Group, China North Industries Group Corporation, etc. Ms. Yang was appointed as an independent non-executive director of the Company since June 2019.

From June 1989 to April 1992, Ms. Yang served as staff of Beijing Municipal Audit. From May 1992 to September 1993, Ms. Yang served as Manager of the Finance Department of Beijing LesKang Co., Ltd. From October 1993 to December 1997, she served as Project Manager of China Tong Cheng Assets Appraisal Co., Ltd. From January 1998 to December 1999, she served as Senior Project Manager of Zhonghua Accounting Firm. From January 2000 to December 2011, she served as partner, Vice President and Chief Valuer of Zhongtianhua Asset Appraisal Co., Ltd. Since January 2012, she has served as partner, Vice President and Chief Valuer of Zhongshui Zhiyuan Assets Appraisal Co., Ltd.

Ms. Yang is concurrently an Independent non-executive Director of Guangzhou Seagull Kitchen And Bath Products Co., Ltd. and of Beijing Shengtong Printing Co., Ltd. The securities of the above companies are listed on the Shenzhen Stock Exchange.

SUPERVISORS

Mr. Han Zongwei (韓宗偉先生)

Mr. Han Zongwei ("**Mr. Han**"), aged 40,, is currently a Supervisor. Mr. Han holds a Master's degree. He obtained an MBA from Nankai University. He is currently the Director of the Asset Finance Department of Three Gorges New Energy Co., Ltd., one of the substantial shareholder of the Company. From July 2006 to September 2008, Mr. Han served as employee, Business Manager and Senior Director of the Financial Centre of China Water Investment Group Corporation. From September 2008 to April 2009, he served as Senior Director of the Financial Centre of China Water Investment Group Corporation and Deputy Manager of the Finance Department of Guoshui Investment Group Baotou Wind Power Science Technology Co., Ltd. From April 2009 to July 2010, he served as Senior Director of the Financial Centre of China Water Investment Group Corporation, as well as Deputy Manager and Manager of the Finance Department of Guoshui Group Huade Wind Power Co., Ltd. From July 2010 to February 2011, he served as Senior Director of the Asset Finance Department of China Three Gorges New Energy Corporation and Manage of the Finance Department of Guoshui Group Huade Wind Power Co., Ltd. From February 2011 to September 2011, he served as Manager of the Finance Department of Guoshui Group Huade Wind Power Co., Ltd., as well as Financial Controller and Chief Financial Officer of Beijing Xingqiyuan Energy Conservation Technology Co., Ltd. From September 2011 to December 2013, he served as Senior Manager and Assistant Director of the Asset Finance Department of China Three Gorges New Energy Co., Ltd., as well as Chief Financial Officer of Beijing Xingqiyuan Company. From December 2013 to July 2018, he served as Deputy Director of the Asset Finance Department of China Three Gorges New Energy Co., Ltd. Since July 2018, he has served as Director of the Asset Finance Department of China Three Gorges New Energy Co., Ltd. Mr. Han has served as a Supervisor since June 2019.

Mr. Luo Jun (洛軍先生)

Mr. Luo Jun ("**Mr. Luo**"), aged 54, is currently a Supervisor. Mr. Luo holds a bachelor's degree and is an accountant. He previous served as an employee of finance department and reform office, the head of equity management office and director of asset management of Xinjiang Wind Power, one of the substantial shareholders of the Company, between 2002 and 2013. He served as the Minister of Investment and Development Department of Xinjiang Wind Power since 2 June 2019. He currently serves as a director and the secretary of the board of Xinjiang Wind Power. Mr. Luo has served as a Supervisor since May 2004.

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

Ms. Xiao Hong (肖紅女士)

Ms. Xiao Hong ("**Ms. Xiao**"), aged 55, is currently a Supervisor. Ms. Xiao graduated from Zhongnan University of Economics and Law with a bachelor degree. Ms. Xiao served as chief accountant of Xinjiang Wind Power Research Laboratory from September 1999 to December 2001. Ms. Xiao served as chief accountant of Xinjiang Wind Power from January 2002 to February 2005. Ms. Xiao served as manager of finance department of Xinjiang Wind Power, one of the substantial shareholders of the Company, from March 2005 to April 2013. Ms. Xiao served as finance director of Xinjiang Wind Power Co., Ltd. from May 2013 to June 2020 and served as of Deputy General Manager of Xinjiang Wind Power Co., Ltd from June 2020 until now. Ms. Xiao has served as Supervisor since June 2017.

Ms. Xiao currently also serves as supervisor of Urumqi Xinfeng Tianxiang New Energy Limited Company, Fuyun Tianxiang New Energy Limited Company* (富蘊天翔新能源有限公司), Buerjin Tianpeng New Energy Limited Company, Xinjiang Tianxiang Wind Power Co., Ltd., Urumqi Tianpeng Wind Power Co., Ltd., Xinjiang Yutian New Wind Power Co., Ltd.

EMPLOYEE REPRESENTATIVE SUPERVISORS

Mr. Lu Min (魯敏先生)

Mr. Lu Min ("**Mr. Lu**"), aged 46, is the current employee representative supervisors. Mr. Lu graduated from Liaoning Shihua University with a bachelor's degree. Mr. Lu previously served from 2002 to 2011 as project manager for ShineWing Certified Public Accountants. Mr. Lu previously served as the internal audit manager of the Company from February 2011 to October 2014; He has served as the director of corporate internal audit and legal department since October 2014. Mr. Lu has served as an Employee Representative Supervisor since April 2015.

Ms. Ji Tian (冀田女士)

Ms. Ji Tian ("**Ms. Ji**"), aged 50, is the current employee representative supervisors who has a master's degree, Ms. Ji joined the Company in July 2004 and has served in the Investment and Development Department. Since March 2008, Ms. Ji has served as the Security Affairs Representative of the Company. She served as vice officer and officer of the office of board secretary of the Company since 2012. Ms. Ji has served as an Employee Representative Supervisor since June 2016.

SENIOR MANAGEMENT

Ms. Ma Jinru (馬金儒女士)

Ms. Ma Jinru ("**Ms. Ma**"), aged 55, is currently a vice president of the Company, the Secretary of the Board and the Company Secretary. Ms. Ma graduated from Jilin University and holds a master's degree of engineering. Ms. Ma graduated from Dalian Maritime University and holds a master's degree of law. Ms. Ma graduated from China Europe International Business School with a master of business administration. She is a senior economist and an fellow of The Hong Kong Institute of Chartered Secretaries. She served as an economist with the Dalian Port Design Institute, head of the foreign trade and economic cooperation of Dalian Port Authority, manager of financial management of Dalian Port Container Integrated Development Company, and secretary of the board of Dalian Port Container Co., Ltd. between August 1990 and November 2005. She then served as the secretary of the board and company secretary of Dalian Port (PDA) Co., Ltd. between November 2005 and March 2010. She joined the Company and was appointed as a vice president of the Company, the Secretary of the Board and the Company Secretary in March 2010. She serves as member of the Second Session, Third Session and Fourth Session of Appeal Review Committee of Shenzhen Stock Exchange.

Mr. Zhou Yunzhi (周雲志先生)

Mr. Zhou Yunzhi ("**Mr. Zhou**"), aged 61, is currently a vice president of the Company. Mr. Zhou graduated from Huadong Engineering School, which changed the name as Nanjing University of Science & Technology with a bachelor's degree, major in Systems Engineering.. He is a researcher level senior engineer and an expert entitled to a special allowance granted by the State Council. He served as researcher level senior engineer of Xi'an Modern Chemistry Institute and Consultant of Xi'an Fanda Investment Management Company from January 2004 to September 2005; deputy general manager and general manager of Zhejiang GEMSY Group Co., Ltd. between October 2005 and February 2008; the agent general manager and general manager of Jiangsu Global Shipbuilding (Yangzhou) Co., Ltd. from March 2008 and August 2011; deputy general manager of Zhejiang GEMSY Mechanical and Electrical Co., Ltd. from September 2011 and October 2012. He served as the director of the Chief Engineer Office from November 2012 to January 2013; general manager of Beijing Techwin from February 2013 to May 2013;business vice president of the Company from June 2013 to February 2014; vice president of the Company since March 2014.

Mr. Li Fei (李飛先生)

Mr. Li Fei ("**Mr. Li**"), aged 45, is currently a vice president of the company, Mr Li is studying for doctor degree of management technology and engineering in University of Chinese Academy of Sciences. Mr Li graduated from Huazhong University of Science and Technology with a master's degree major in corporate management. Mr. Li graduated from Lanzhou Business School with a bachelor's degree major in marketing and sales. Mr. Li served as a teacher of Economic and Management School of Xinjiang University from June 1997 to January 2007; deputy general manager of customer center and director of corporate culture department of the Company's wind power business group from 2007 to 2009; deputy director of human resources of the company; deputy president of Goldwind University in 2012; human resources director of the Company and deputy president of Goldwind University from 2013 to 2014; business vice president from 2014 to June 2019, and was appointed as a vice president of the Company and general manager of wind power business group since August 2019.

Mr. Wu Kai (吳凱先生)

Mr. Wu Kai ("**Mr. Wu**"), aged 52, is currently a vice president. Mr. Wu graduated from China Europe International Business School with a master of business administration. Mr. Wu graduated from Harbin Institute Technology University with a bachelor's degree major in electrical engineering. He is vice chairman of the National Technical Committee for the Standardization of Wind Machinery, vice chairman of China Renewable Energy Society Wind Energy Professional Committee and vice director of China Electrical Industry Association. He served as an engineer of China Academy of Launch Vehicle Technology (Thirteenth Institute) between 1993 and 1998, and held various positions, including sales manager, component and product manager and senior regional sales manager, in SKF China between 1998 and 2008. He joined the Company in 2008 and previously served as the deputy general manager and general manager of Supply Chain Management Centre and R&D Centre. Mr. Wu served as vice president of the Company from January 2011 to June 2013; executive vice president of the Company from June 2013 to July 2019; vice president of the Company since August 2019.

Mr. Liu Rixin (劉日新先生)

Mr. Liu Rixin ("**Mr. Liu**"), aged 48, is currently a vice president of the Company. Mr. Liu graduated from Tianjin University with a bachelor's degree major in Fine Process. Mr. Liu served as employee of Sinopec Jinxi Oil Processing Plant from 1995 to 1996; technical staff of Shantou Golden Chamber Computer Company from 1996 to 1997; technical staff of Shantou Dannan Wind Power Company from 1997 to 2000; manager of Production Technology Department and manager of wind power project of Shantou Huaneng Nanao Company from 2000 to 2002; manager of Asset Operation Department and assistant general manager of Shantou Dannan Company from 2002 to 2006. From November 2006 to July 2010, Mr. Liu served as deputy general manager of China Resources Power (Wind Energy) Development Co., Ltd. and as deputy general manager of wind power of China Resources Power Holdings Co., Ltd. From July 2010 to May 2012, Mr. Liu served as deputy general manager for China Resources New Energy Holdings Co., Ltd. From May 2012 to April 2016, Mr. Liu served as the deputy general manager of the new energy division of China Resources Power Holdings Co., Ltd. From April 2016 to February 2017, Mr. Liu served as the vice president for China Resources Power Holdings Co., Ltd. Mr. Liu was appointed as a vice president of the Company in February 2017.

Mr. Gao Jinshan (高金山先生)

Mr. Gao Jinshan ("**Mr. Gao**"), aged 47, is currently a vice president of the Company. Mr. Gao graduated from University of Chinese Academy of Sciences with a doctor degree major in management technology and engineering. Mr. Gao graduated from Guanghua School of Management of Peking University with a master of business administration. Mr. Gao graduated from Xinjiang University of Finance and Economics with a master degree major in finance. Mr Gao graduated from Xinjiang University with a bachelor's degree major in international finance. He is intermediate economist. Mr. Gao served in China Bank Xinjiang Branch from July 1998 to July 2000; National Development Bank Xinjiang Branch from July 2000 to March 2010; deputy general manager of Beijing Tianrun from March 2010 to December 2010; finance director and deputy general manager of Goldwind International from December 2010 to December 2011; funds director of the Company from January 2012 to July 2018; business vice president of the Company from 2013 to July 2019. Mr. Gao was appointed as a vice president of the Company in August 2019.

Mr. Zhai Endi (翟恩地先生)

Mr. Zhai Endi ("**Mr. Zhai**"), aged 58, is currently the Chief Engineer of the Company. He is a senior engineer and national special invited specialist. He studied in the University of British Columbia with a post-doctor degree major in civil and environment engineering. He graduated from Kanazawa University with a doctor degree major in Rock Seismic Engineering. He graduated from Nanjing University with a master's degree major in seismic engineering. He graduated from Nanjing University with a bachelor's degree. Mr. Zhai is the president of International Association of Chinese Geotechnical Engineers, Vice-President and Secretary-General of the Marine Wind and Power Branch of the China Ocean Engineering Association, chairman of Jiangsu Standard Technical Committee for Wind and Electrical Equipment, vice-President of Shandong New Energy Industry Association and etc. Mr. Zhai is part-time professor of Beijing Industrial University, Hohai University, Tianjin University, Southeast University and etc.

Mr. Zhai served as the Senior Research Engineer at Powertech Laboratories, Inc. of British Columbia Hydropower Authority in Canada from December 1999 to February 2001, the Senior Engineer of AECOM, USA from February 2001 to May 2002, the Senior Engineer of Group Delta Consultants, Inc. in USA from May 2002 to April 2005, the Senior Engineer to Principal Engineer of Kleinfelder Inc. in USA from April 2005 to November 2008, the Southern California Business Class Area Manager of HDR Inc. in USA from November 2008 to November 2009, the Vice President of Kleinfelder Inc. from November 2009 to June 2014, and the Chief Engineer for Civil Works and Director of chief engineer's office at China Three Gorges from June 2014 to June 2017. Mr. Zhai has served as the Chief Engineer of the Company since July 2017.

Mr. Liu Chunzhi (劉春志先生)

Mr. Liu Chunzhi ("**Mr. Liu**"), aged 53, the former Chief Financial Officer of the Company. He graduated from the Tippie Business School, University of Iowa with an MBA. And he graduated from Renmin University of China with a master degree. He graduated from Xi'an Jiaotong University with a bachelor's degree, major in Polymer Materials. Mr. Liu served as a process engineer/research & development engineer in No. 1 factory of Wuhan Plastic from 1990 to 1992. Mr. Liu worked for China National Technical Imp. & Exp. Corp. as the section chief of strategic research center from 1995 to 1998. Mr. Liu worked for China General Technology as the manager of capital operation department from 1998 to 2001. Between 2003 and 2007, Mr. Liu worked in General Electric Company and held various positions including director of business finance of GE Energy Group Headquarter, finance manager of Shenyang GE Liming Gas Turbine Components Co. Ltd., chief financial officer of GE Infrastructure Group, chief financial officer of GE Optimization and Control Business Group. Between 2007 and 2009, Mr. Liu worked in Haier Group and worked as the chief financial officer of Customer Solution Group from 2007 to 2009, and concurrently worked as the general manager of Internal Control Center of Haier Group in 2009. Between 2009 and 2012, Mr. Liu worked in Assa Abloy and worked as chief financial officer of Greater China Region from 2009 to 2012, and worked as the general manager of Baodean Security Products Co., Ltd. from 2010 to 2012. Mr. Liu worked for Yutong Bus as the chief financial officer from 2012 to 2016. Mr. Liu served as the chief financial officer of Bestseller Fashion Co., Ltd* (淩致時裝有限公司) from 2016 to 2017. Since 2015, Mr. Liu has worked for Huatai Insurance Group Co., Ltd. as an independent director, and concurrently as the chairman of its audit committee and risk management committee. Mr. Liu has served as the Chief Financial Officer of the Company from August 2018 to March 2021. Mr. Liu resigned as the Chief Financial Officer of the Company on 9 March 2021.

The Board expressed its gratitude to the following persons for their contribution during their terms of office:

Ms. Gu Hongmei tendered resignation as non-executive director in June 2020.

Mr. Liu Chunzhi tendered resignation as Chief Financial Officer in March 2021.

Ms. Dong Zhenyu tendered resignation as non-executive director in April 2021.

The Board hereby presents to our shareholders its report for the financial year ended 31 December 2020 and the Financial Statements.

PRIMARY BUSINESS

The Group has three primary business, including WTG Manufacturing, Wind Power Services and Wind Farm Investment and Development, and water-treatment and other business. WTG Manufacturing is our core business and its revenue represents a majority of the Group's total revenue from operations. A fair review of the principal activities of the Group for the financial year ended 31 December 2020 and its likely future development are set out in the section headed "Management Discussion and Analysis" on page 16 of this annual report.

CASH DIVIDEND POLICY

The Resolution on the Future Three-year (2018-2020) Shareholders' Return Plan of Xinjiang Goldwind Technology Co., Ltd. was passed at the fifteenth meeting of the sixth session of the Board and the AGM of 2017. It was proposed in the profit distribution plan that: the Company shall distribute dividends in cash, shares or a combination of cash and shares, with cash distribution as the preferred way of profit distribution.

Subject to the Company earning profits and its cash flow supporting its continuing operation and future development, the Company shall actively distribute cash dividends and value the importance of shareholders return.

Over the three years of 2018 to 2020, when distributing dividends, the Board shall take into account the features of the industries in which the Company operates, its stage of development, business model, profit level and whether it has any significant capital expenditure plans when formulating profits distribution proposals in accordance with the provisions set out below and procedures provided in the Articles:

(1) If the Company is at a mature stage of development and has no significant capital expenditure plan, the proportion of cash dividends shall be at least 80% of the profit distribution;

(2) If the Company is at a mature stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 40% in the profit distribution;

(3) If the Company is at the growing stage and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 30% in the profit distribution. If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

If the operation of the Company is satisfactory, and the Board believes that the scale of share capital does not match the scale of operation of the Company and dividend payment in shares will be in the interests of all Shareholders, the Company may propose to distribute dividends in shares.

The dividend proposal of the Company for the year 2020 was made according to the above plan.

RESULTS AND PROFIT DISTRIBUTION

The annual results of the Group for the financial year ended 31 December 2020 are set out in the Financial Statements.

The Board recommends the payment of a final dividend of RMB2.5 per every ten shares (including tax) from the Company's retained undistributable profit for the financial year ended 31 December 2020. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2020 in accordance with the provisions of the Articles, and will be implemented thereafter. The final dividend is expected to be paid to the Shareholders on or before 30 August 2021.

TAX RELIEF (H SHAREHOLDERS)

Non-resident enterprise shareholders

Pursuant to the Corporate Income Tax Law of the PRC and relevant implementing regulations, which came into force on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% to non-resident enterprise shareholders whose names appear on the H shares register of members.

Non-resident individual shareholders

Pursuant to the Individual Income Tax Law of the PRC and its implementing regulations of the State Taxation Administration of PRC, the Company is required to withhold individual income tax at the rate of 20% to non-resident individual shareholders of H shares. For Hong Kong residents, Macau residents and other non-resident individual shareholders of H shares in countries and regions which have entered into an agreement with China in respect of a 10% tax rate, the Company withholds individual income tax at the rate of 10%.

The Company implements the requirements of documents of Notice of the State Taxation Administration Regarding Questions on Withholding Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to Non-Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》，國稅函[2008]897號), the Circular of the State Taxation Administration Regarding Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (Guo Shui Han [2009] No. 81) (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》(國稅函[2009]81號), Administrative Measures on Preferential Treatment Entitled by Non-resident taxpayers under Tax Treaties (SAT Circular [2015] No. 60) (《非居民納稅人享受稅收協定待遇管理辦法》(國家稅務總局公告2015年第60號)), the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (SAT Circular 2017 No.37) (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》(國家稅務總局公告2017年第37號)).

If any resident enterprise listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10% enterprise income tax, it shall lodge with Computershare Hong Kong Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend to which it is entitled.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the record date for the dividend payment. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding.

FINANCIAL HIGHLIGHTS FOR THE PAST FIVE FINANCIAL YEARS

Financial highlights of the Group's results and balance sheets prepared in accordance with IFRSs for the past five financial years are set out in the section headed "Financial Highlights for the Past Five Financial Years" on page 244 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2020, 38.17% and 8.55% of the Group's revenue from operations was attributed to our five largest customers and our largest customer, respectively. During the same period, 39.11% and 21.34% of the Group's total procurement expenditure was attributed to our five largest suppliers and our largest supplier, respectively.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

Details are set out in the section headed "Management Discussion and Analysis" on page 16 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of adjustments made to property, plant and equipment of the Group during the financial year ended 31 December 2020 are set out in note 15 to the Financial Statements.

RESERVES

The amounts of the Group's reserves and the movements therein as at 31 December 2020 are set out in note 38 to the Financial Statements.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group acquired and disposed certain subsidiaries and interests in certain associates during the financial year ended 31 December 2020 in accordance with the development strategies of the Company and based on changes of the industry and market environments. Details are set out in note 40 and 41 to the Financial Statements.

Beijing Tianrun, a wholly-owned subsidiary of the Company (as "Transferor") entered into the Equity Transfer Agreement with ABC Financial Assert Investment Company Limited (農銀金融資產有限公司)(as "Transferee" or" ABC Investment") on 25 October 2019 in relation to the transfer of the 49% equity interests in each of Shuozhou Pinglu Tianshi Wind Power Co., Ltd. (朔州市平魯區天石風電有限公司)("Target Company I") and Shuozhou Pinglu Tianrun Wind Power Co., Ltd. (朔州市平魯區天潤風電有限公司)("Target Company II"). Upon completion, the Group will continue to hold 51% equity interests in each of Pinglu Tianshi and Pinglu Tianrun, which will be accounted for as jointly controlled entities of the Group.

Equity transfer consideration of RMB667 million pursuant to the Equity Transfer Agreement comprising (i) the consideration for the transfer of 49% equity interest of Target Company I of RMB276,716,374; and (ii) the consideration for the transfer of 49% equity interest of Target Company II of RMB390,283,626. ABC Investment has paid the consideration under the Equity Transfer Agreement, being RMB667 million, to Beijing Tianrun in cash. The consideration is in the escrow account under common supervision of the Transferor and the Transferee before the fulfillment of settlement conditions.

The distributable profits of Target Company I and Target Company II to be shared by ABC Investment and Beijing Tianrun for each year from the Payment Date (being the day on which the Transferee pays the consideration under the Equity Transfer Agreement to the escrow account within 30 days from the signing of the Equity Transfer Agreement) to 2037 pursuant to the Profit Sharing Agreement, which shall be allocated in the following manner:

(a) For the portion of distributable profits of Target Company I and Target Company II for the previous year which does not exceed the agreed profit benchmark, ABC Investment and Beijing Tianrun shall distribute such profits in proportion to their respective shareholding;

(b) For the portion of distributable profits of Target Company I and Target Company II for the previous year which exceeds the agreed profit benchmark, ABC Investment and Beijing Tianrun shall distribute the exceeding portion on a 20(ABC Investment):80(Beijing Tianrun) basis.

Based on the valuation report prepared by the independent valuer, the total profit attributable to Beijing Tianrun in excess of its shareholding from the Payment Date to 2037 is valued approximately at RMB123 million.

For the avoidance of doubt, in the event that the distributable profits for the previous year is lower than or equals to the profit benchmark, ABC Investment and Beijing Tianrun shall only distribute the profit in proportion to their respective shareholding and not on a 20:80 basis.

The above equity transfer was completed on 29 February 2020. As the distributable profits from the completion date to 31 December 2020 were lower than the profit benchmark, ABC Investment and Beijing Tianrun will distribute the profit in proportion to their respective shareholding.

MANAGEMENT CONTRACTS

The Group did not enter into any contract in respect of the management and administration of the entire or any significant part of the business of the Group, nor did any such contract subsist at any time during the financial year ended 31 December 2020.

TOP FIVE HIGHEST PAID INDIVIDUALS

Details regarding the five highest paid individuals, including the chief executive of the Company, for the financial year ended 31 December 2020 are set out in note 11 to the Financial Statements.

SHARE CAPITAL

The particulars of the issued share capital of the Company as at 31 December 2020 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	100.00%

NUMBER OF SHAREHOLDERS

As at 31 December 2020, the total number of Shareholders was 146,529, among which the number of A Share Shareholders and H Share Shareholders were 145,342 and 1,187, respectively.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, as far as known to the Directors, save for the interests disclosed in "Interests and Short Positions in Shares of the Company and Its Associated Corporations by Directors and Supervisors", according to the register kept by the Company in accordance with section 336 of the SFO, the following persons had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in H Shares:

(L) – Long Position, (S) – Short Position, (P) – Lending Pool

Name of Shareholder	Capacity	Number of Shares	As a Percentage of H Shares	As a Percentage of Total Shares
Schroders Plc	Investment Manager	94,546,692 (L)	12.22%	2.24%
JPMorgan Chase & Co	Interest of controlled corporation	14,781,417 (L)	1.91%	0.35%
		10,677,091 (S)	1.38%	0.25%
	Approved lending agent	77,545,751 (L,P)	10.02%	1.84%
Citigroup Inc.	Interest of controlled corporation	14,881,183 (L)	1.92%	0.35%
		14,402,923 (S)	1.86%	0.34%
	Approved lending agent	52,348,402 (L,P)	6.76%	1.24%
BlackRock, Inc.	Interest of controlled corporation	63,832,694 (L)	8.25%	1.51%
		107,000 (S)	0.01%	0.01%
Morgan Stanley	Interest of controlled corporation	55,812,162 (L)	7.21%	1.32%
		55,191,040 (S)	7.13%	1.31%

Long position in A Shares:

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	579,245,657	579,245,657	16.78%	13.71%
China Three Gorges New Energy[1]	Beneficial owner	445,008,917	1,024,254,574	29.68%	24.24%
	Interest in controlled corporation	579,245,657			
China Three Gorges[2]	Interest in controlled corporation	1,024,254,574	1,024,254,574	29.68%	24.24%
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 of the Company. China Three Gorges New Energy holds 43.33% of the issued share capital of Xinjiang Wind Power. Under the SFO, other than directly holding interests in the Company, China Three Gorges New Energy is deemed to be interested in the 579,245,657 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 579,245,657 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, were deemed to be the interests of China Three Gorges in the Company.

Other than as disclosed above, as at 31 December 2020, as far as is known to the Directors, no other persons (excluding the Directors, Supervisors and chief executive of the Company) had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

PRE-EMPTIVE RIGHTS

The Articles and the laws of the PRC do not have any mandatory provision regarding pre-emptive rights.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the financial year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company, save as the medium term notes disclosed in this annual report.

USE OF PROCEEDS

The Company completed the rights issue of H Shares and A Shares in the first half of 2019, and such new shares have been listed on the Stock Exchange and Shenzhen Stock Exchange. Total gross proceeds raised under the A Share rights issue were approximately RMB3,828.38 million. Total gross proceeds raised under the H Share rights issue were approximately HK$1,014.03 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 31 December 2020, all proceeds have been used. The use of the proceeds as at 31 December 2020 is as follows:

As at 31 December 2020
Unit: RMB million

Proceed Projects	Planned Investment Amount	Adjusted Investment Amount*	Actually Invested Amount	Unused Proceeds
527.5MW Stockyard Hill Wind Farm Project	1,394.18	1,330.77	1,330.77	–
150MW Moorabool North Wind Farm Project	350.00	315.53	315.53	–
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	4,646.3	4,646.3	–

*Note： The adjusted investment amount is the actual investment amount as the actual amount of proceeds is lower than the proposed amount of proceeds. The net proceeds is calculated as RMB4,636,097,918.44 with the exchange rate of HK$1=RMB0.8580. The amount of replenishment of working capital and repayment of interest bearing debts is calculated as the actual investment amount in RMB. The total investment amount is RMB4,646,298,206.10. The balance of RMB10.200,287.66 is due to the difference of exchange rate conversion.

MEDIUM-TERM NOTES

The Company issued the first tranche of the medium-term notes on 27 August 2020. The term is 3+N years, and the interest rate is 5.2%. The Company issued RMB1 billion of the medium-term notes at an issue price of RMB100. The fund is mainly used for daily operations of the Company.

SUFFICIENCY OF PUBLIC FLOAT

From publicly available information and to the best knowledge of the Directors, the Company had maintained a sufficient public float as required under the Listing Rules throughout the financial year ended 31 December 2020 and up to the Latest Practicable Date.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors in office during the financial year ended 31 December 2020 and up to the Latest Practicable Date were:

Name	**Effective Date of Appointment/ Effective Date of Reappointment**	**Effective Date of Resignation**
Executive Directors		
Mr. Wu Gang *(Chairman)*	22 June 2019	
Mr. Cao Zhigang	22 June 2019	
Mr. Wang Haibo	22 June 2019	
Non-executive Directors		
Mr. Gao Jianjun	22 June 2019	
Ms. Gu Hongmei		8 June 2020
Mr. Lu Hailin	22 June 2019	
Ms. Dong Zhenyu	17 October 2020	12 April 2021
Independent Non-executive Directors		
Dr. Tin Yau Kelvin Wong	22 June 2019	
Mr. Wei Wei	22 June 2019	
Ms. Yang Jianping	22 June 2019	
Supervisors		
Mr. Han Zongwei *(Chairman of the Supervisory Committee)*	22 June 2019	
Ms. Xiao Hong	22 June 2019	
Mr. Luo Jun	22 June 2019	
Mr. Lu Min *(employee representative Supervisor)*	22 June 2019	
Ms. Ji Tian *(employee representative Supervisor)*	22 June 2019	

Save as disclosed above, there were no changes to the Directors and Supervisors during the financial year ended 31 December 2020 and up to the Latest Practicable Date.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The profiles of the Directors, Supervisors and senior management of the Company in office as at 31 December 2020 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report.

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

Based on the information known to the Directors, as at 31 December 2020, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the securities of the Company are set out as follows:

Long position:

			As at 31 December 2020		
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. Cao Zhigang	Beneficial owner	A Shares	12,343,283	0.36%	0.29%
Mr. Wang Haibo	Beneficial owner	A Shares	672,100	0.02%	0.02%

Other than as disclosed above, as at 31 December 2020, as far as known to the Company, none of the Directors, Supervisors or chief executive of the Company had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than as disclosed in the paragraph headed "Interests and Short Positions in Shares of the Company and its Associated Corporations by Directors and Supervisors" in this report, at no time, during the financial year ended 31 December 2020 or the period following 31 December 2020 and up to the Latest Practicable Date, was the Company, or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company, a party to any arrangement to enable the Directors or Supervisors or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body, and none of the Directors and Supervisors or their spouses and children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during such period.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

DIRECTORS' AND SUPERVISORS' REMUNERATION

The relevant resolutions relating to Directors' remuneration and independent non-executive Directors' allowance were approved by the Shareholders. In accordance with the relevant resolutions, for the financial year ended 31 December 2020, the Chairman and executive Directors received remuneration from the Company, non-executive Directors did not receive any remuneration from the Company, and independent non-executive Director's allowance were paid to the independent non-executive Directors.

For the financial year ended 31 December 2020, employee representative Supervisors received remuneration from the Company in accordance with their offices held in the Company while the other Supervisors did not receive any remuneration from the Company.

Details of the remuneration paid to the Directors, Supervisors and chief executive of the Company are set out in note 11 to the Financial Statements and the Corporate Governance Report.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at 31 December 2020 or at any time during the financial year ended 31 December 2020, other than the service contract, there were no transaction, arrangement or contracts of significance to the Group in which the Company or any of its subsidiaries was a party and in which a Director or Supervisor, whether directly or indirectly, had a material interest.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

PERMITTED INDEMNITY

The Company has maintained appropriate directors' and officers' liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year ended 31 December 2020.

CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions under Listing Rules

The Group had several non-exempt continuing connected transactions with the Connected Persons Group during the financial year ended 31 December 2020.

On 26 October 2018, the Company, Xinjiang Wind Power and China Three Gorges New Energy entered into certain framework agreements in connection with (1) product sales to, and (2) wind power services to, the Connected Persons Group for a term of three years commencing on 1 January 2019. The independent shareholders of the Company approved, at the first EGM of 2019 convened on 1 March 2019, the continuing connected transactions between the Group and the Connected Persons Group in relation to the product sales and the relevant annual caps for the three years commencing from 1 January 2019 and ending on 31 December 2021.

Below sets out the relevant annual caps of the continuing connected transactions:

	Annual Cap for 2019 (RMB million)	**Annual Cap for 2020** (RMB million)	**Annual Cap for 2021** (RMB million)
Product Sales	2,946.94	2,127.31	2,427.07
Wind Power Services	82.96	120.23	200.20

Each of Xinjiang Wind Power and China Three Gorges New Energy is a connected person of the Company by virtue of being a substantial shareholder of the Company. Xinjiang Wind Power also is an associate of China Three Gorges New Energy as China Three Gorges New Energy holds more than 30% of its issued share capital. Accordingly, the continuing transactions with any member of the Connected Persons Group which comprises Xinjiang Wind Power, China Three Gorges New Energy and each of their respective associates constitute a continuing connected transaction for the Company.

During the course of reviewing the historical transaction information for the nine months ended 30 September 2020 of the Company at the end of October 2020, the Company noted that the continuing connected transactions under the Product Sales Framework Agreement (2019–2021) have exceeded the annual cap for 2020. The Resolution on Adjustment to the Exemption Amount of the Continuing Connected Transactions (H Share) for 2020 and 2021 was considered at a Board meeting convened on 13 November 2020 and a report was made to the Board with respect to the exceeding of the existing annual cap for 2020. Based on the unaudited consolidated management accounts of the Company, as of 31 October 2020, the Group has sold products totaling approximately RMB2,872.55 million to the Connected Persons Group, exceeding the annual cap of RMB2,127.31 million which had been previously set by the Company.

The existing annual caps for product sales under the Product Sales Framework Agreement (2019-2021) for the years ending 31 December 2020 is unable to meet the business needs of the Company, and the existing annual caps for product sales under the Product Sales Framework Agreement (2019-2021) for the years ending 31 December 2021 will not be able to meet the business needs of the Company. Thus, on 13 November 2020, the Board resolved to propose revision of the annual caps for product sales under the Product Sales Framework Agreement (2019-2021) for the years ending 31 December 2020 and 31 December 2021 as follows:

Unit: RMB million

	For the year ending 31 December 2020	For the year ending 31 December 2021
Product Sales (existing annual caps)	2,127.31	2,427.07
Proposed increase	2,828.42	1,567.80
Product Sales (revised annual caps)	4,955.73	3,994.87

The Company has held a board meeting on 13 November 2020 and an extraordinary general meeting on 22 December 2020, to review and approve the aforesaid revised annual caps.

The following table sets out a summary of the nature, annual caps and actual amounts of such non-exempt continuing connected transactions during the year ended 31 December 2020:

Connected Transactions	Annual Cap for 2020 (RMB million)	Actual Amount for 2020 (RMB million)
Product Sales	4,955.73	4,189.72
Wind Power Services	120.23	12.70

Product Sales

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

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

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

Wind Power Services

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

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

The independent non-executive Directors have reviewed the Group's continuing connected transactions mentioned above, and confirmed that the transactions carried out during the financial year ended 31 December 2020:

1. were carried out in the ordinary and usual course of business of the Group;

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

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

The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions had allowed them sufficient access to their records for the purpose of reporting on the transactions as set out in this report, and the aforementioned continuing connected transactions carried out during the financial year ended 31 December 2020:

1. had been approved by the Board;

2. were, in all material respects, in accordance with the requirements of pricing policies of the Company;

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

4. had not exceeded the annual caps disclosed in the announcement of the Company dated 16 November 2020 and the circular of the Company dated 4 December 2020.

In order to avoid the reoccurrence of incident that the previously approved annual cap is exceeded, the Company has adopted various monitoring measures. For details, please refer the announcement dated 16 November 2020 and the circular dated 4 December 2020 of the Company.

Non-exempt connected transactions under Listing Rules

On 31 December 2020, the Company's wholly-owned subsidiary Tianrun Qihang Investment Management Co., Ltd. ("Tianrun Qihang") entered into a partnership agreement with Three Gorges CCB (Beijing) Investment Fund Management Co., Ltd., Three Gorges Capital Holdings Co., Ltd. ("Three Gorges Capital"), Jiaxing Ruihao Clean Energy Equity Investment Fund Partnership (Limited Partnership) and CDB Energy Technology Co., Ltd.. Pursuant to the partnership agreement, Tianrun Qihang will make a capital commitment of RMB1 billion to Three Gorges Clean Energy Fund. In addition, Tianrun Qihang will contribute RMB3 million to establish a new management company with relevant partners to act as a new general partner to invest in the Three Gorges Clean Energy Fund and to manage the special sub-fund. The total capital commitment of Three Gorges Clean Energy Fund by all the parties will be RMB4.5045 billion. As a substantial shareholder of the Company, China Three Gorges New Energy is a connected person of the Company. China Three Gorges holds 70% of shares of China Three Gorges New Energy; and China Three Gorges holds more than 30% of shares of Three Gorges Capital. Accordingly, pursuant to Chapter 14A of the Listing Rules, Three Gorges Capital is a connected person of the Company; Tianrun Qihang's investment in Three Gorges Clean Energy Fund as a limited partner constitutes a connected transaction of the Company. For details, please refer to the announcements dated 22 December 2020 and 31 December 2020 of the Company.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards during the financial year ended 31 December 2020. Save as the non-exempt continuing connected transactions as set out in the section headed "Connected Transactions" on page 66 of this annual report, these related party transactions were not regarded as connected transactions under the Listing Rules or were fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A of the Listing Rules. Details are set out in note 46 to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year ended 31 December 2020 was RMB6.07 million.

RELATIONSHIP WITH EMPLOYEES

The Group is committed to provide our staff with a stable working environment and continues to uphold the principles of impartiality, fairness and merit-based employment, and constantly improves the criteria for personnel selection and appointment. The Group also provides lifelong learning and career development to our employees. Details are set out in the Company's *2020 Sustainable Development Report.*

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group values mutually benefitting relationship with its customers and suppliers. The Group places strong emphasis on the protection of consumer's interests and pays strong attention to product quality. The Group has been committed to the development of the supply chain construction and has a number of regular suppliers. Details of the Group's relationship with customers and suppliers are set out in the Company's *2020 Sustainable Development Report*.

THE PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

Details are set out in the section headed "Management Discussion and Analysis" on page 16 of this annual report.

ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT

The Group, on the basis of realizing its own personal business development goals, strives to maximize the long-term interest of all parties by making use of their professional advantages and resources to emphasize the value of production and business activities for all of its customers, staff, suppliers, environment, villages and other influences as far as possible while protecting the interest of all the Shareholders, providing conditions for further development, and minimizing adverse impacts on Shareholders. For a comprehensive disclosure on the Company's social responsibility within 2020, the Group has published the *2020 Environmental Social and Governance Report* covering its yearly corporate governance, products and services, environmental protection, employee development, supply chain management, social and public interests, as well as action and performance. For more information about the Group's 2020 annual environmental, social, and governance performance, please refer to the *2020 Sustainable Development Report* available online for download on the Company's official website.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board pays attention to the Group's policies and practices on compliance with legal and regulatory requirements. For the year ended 31 December 2020, to the best of knowledge of the Board, the Company has remained in strict compliance with the relevant laws and regulations of Hong Kong and the PRC, which included the *Company Law* of the PRC, *Securities Law* of the PRC, *Code of Corporate Governance for Listed Companies*（《上市公司治理準則》）issued by the CSRC, Corporate Governance Code, the Listing Rules, and the listing rules of the SZSE.

REVIEW OF 2020 ANNUAL REPORT

The Audit Committee of the Company has reviewed and approved the 2020 Annual Report of the Company. Information on works performed by the Audit Committee and its composition are set out in the section headed "Board Committees" on page 78 of this annual report.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as the domestic auditor of the Company and Deloitte Touche Tohmatsu as the international auditor of the Company with effect from 23 June 2020 to fill the vacancies following the retirement of Ernst & Young Hua Ming LLP and Ernst & Young.

The consolidated financial statements for the year ended 31 December 2020 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution to re-appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu and to authorize the Board to fix their remunerations will be proposed by the Board at the forthcoming annual general meeting.

Save for the above, there has been no other change in auditors of the Company in the preceding three years.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2020 which would materially affect the Group's operating and financial performance as at the date of this report.

By order of the Board
Wu Gang
Chairman
Xinjiang Goldwind Science & Technology Co., Ltd.

Supervisory Committee Report

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

SUPERVISORY COMMITTEE MEETINGS

During the reporting period, a total of 5 meetings were held, and 19 proposals were considered and approved. Except for certain special circumstances, all Supervisory Committee members attended the meetings in person or by proxy.

OBJECTIVE FINDINGS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee made the following observations regarding relevant aspects of the Company during 2020:

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

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

2. Financial Position

The Supervisory Committee carefully inspected the Company's periodic financial report and financial policies during the reporting period. The Committee believes that the Company's financial department's internal control system is adequate, and is continuously being improved. The Supervisory Committee believes all policies and systems were strictly implemented, and therefore effectively supported the Company's production and operation. In 2020, the Company's financial position was sound, financial management was effective, the Financial Statements were complete and fair, and truthfully reflected the Company's financial position and operational performance. The committee believes that the Annual Report containing Financial Statements with unqualified audit opinion issued by Deloitte Touche Tohmatsu was true and fair.

3. Share Proceeds Information

The Company acted in strict accordance with the Regulations for the Use and Management of Share Proceeds. The Company did not use share proceeds during 2020 for pledges, entrusted loans, or other prohibited purposes. All proceeds were used in accordance with project plans. There were no cases of regulation violation with regards to the use of share proceeds during 2020. All proceeds were used in accordance with the relevant regulations and followed the appropriate approval procedures. The Supervisory Committee believes that the relevant information disclosed by the Company was on time, truthful, accurate and complete.

4. Connected Transactions

During the reporting period, the Company's connected transactions were in compliance with the government laws and regulations, as well as the Company's regulations with regards to their decision-making procedures. The pricing method of the connected transaction agreements were in accordance with accepted business practices and the relevant rules and regulations, demonstrating fairness and equality. When making decisions on connected transactions, all interested Directors and shareholders abstained from voting. The Supervisory Committee believes, during the year 2020 there were no internal transactions that would harm the Company's or shareholders' interests including the public shareholders' interests.

5. Self-assessment of Internal Controls

Goldwind has established an outstanding internal control system. The system integrates the Company's operations management activities at all levels and in all sectors. All the Company's operations followed the internal controls guidelines and were strictly complied with their recommended procedures. After close inspection, we believe the Company's internal control structure was effective during 2020. The committee reviewed the 2020 Annual Internal Control Self-assessment Report and believes the report is truthful and fair.

6. Other Major Issues

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

7. Implementation of Information Disclosure Policy

During the Reporting Period, the Supervisory Committee inspected the implementation of the information disclosure policy of the Company.

The Supervisory Committee is of the opinion that the Company has fulfilled its information disclosure obligations in accordance with the regulatory requirements, earnestly implemented the information disclosure management policy, and disclosed information to the public in a timely, accurate and complete manner. The Supervisory Committee is not aware of any matters that should be disclosed but have not been disclosed by the Company, nor has it conducted selective information disclosure that would damage the interests of minority shareholders.

Corporate Governance Report

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

Being listed on the Stock Exchange and the SZSE, the Company has remained in strict compliance with the relevant laws and regulations of Hong Kong and the PRC during the year ended 31 December 2020, which included the *Company Law* of the PRC, *Securities Law* of the PRC, *Code of Corporate Governance for Listed Companies*（上市公司治理準則）issued by the CSRC, Corporate Governance Code, the Listing Rules, and the listing rules of the SZSE.

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

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for implementing the Corporate Governance Code and managing the Group's corporate governance matters. The Board has reviewed the corporate governance policies and practices of the Company and its policies and practices relating to compliance with legal and regulatory requirements, as well as training and continuous professional development of the Directors and Senior Management. The Board has also reviewed the disclosure of its Corporate Governance Report for the year ended 31 December 2020.

The Company has complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2020.

SHAREHOLDERS

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

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

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

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

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

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

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

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

THE BOARD

The Board is charged with directing and managing the Company's affairs and continued to pursue the sustainable development of the Company in the year ended 31 December 2020. Each Director has a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

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

- The formulation and review of the Company's corporate governance policy and practices;
- The review and monitoring of training and continuous professional development of directors and senior management;
- The review and monitoring of the Company's policies and practices in compliance with legal and regulatory requirements;
- The development, review and monitoring of the code of conduct of employees and directors; and;
- The review of the Company's compliance with the Corporate Governance Code and its disclosures in its Corporate Governance Report.

Board Composition

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

The Board composition during the year ended 31 December 2020 and up to the Latest Practicable Date is set out below:

Executive Directors

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

Non-executive Directors

Mr. Gao Jianjun
Mr. Lu Hailin
Ms. Dong Zhenyu (appointed on 17 October 2020, and resigned on 12 April 2021)
Ms. Gu Hongmei (resigned on 8 June 2020)

Independent non-executive Directors

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

The current Board is the seventh session of the Board. The term of office of the seventh session of the Board began on 21 June 2019, with a term of three years. The Company has already entered into a service contract with each of the Directors for their services to the Company, stating, among other things, their respective annual remuneration and length of service with the Company.

The executive and non-executive Directors have extensive expertise, experience, and skills in the wind power industry and other professional areas, and thus provided a knowledgeable resource on strategic decisions of the Group. The independent non-executive Directors have extensive experience in the industry and possess professional qualifications in areas such as finance and business administration. The profiles of the Directors in office as at the Latest Practicable Date are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report.

During the year ended 31 December 2020, the Board complied with the requirements of the Listing Rules relating to having at least three independent non-executive directors, representation of at least one-third of the Board by independent non-executive directors, and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. During the same period, there were no financial, business, family or other major or relevant relationships between members of the Board or the Chairman and the President.

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Board has received a written confirmation from each independent non-executive Director of his independence to the Company for the year ended 31 December 2020, and considers all of the independent non-executive Directors are independent.

Changes to Members of the Board and Supervisory Committee

Due to the change of shareholder of Hexie Health Insurance Co., Ltd, Ms. Gu Hongmei has ceased to serve as the non-executive director since 8 June 2020.

The second extraordinary general meeting in 2020 has approved the election of Ms. Dong Zhenyu as a non-executive director. Ms. Dong assumed the position on the day after the extraordinary general meeting held on 16 October 2020. Her tenure will be until the end of the current Board's tenure. In connection with Ms. Dong being appointed as a non executive director of the Company, the Company entered into a service contract with Ms. Dong, for her service to the Company, stating, among other things, her annual remuneration and length of service. According to a resolution from the annual general meeting of the Shareholders on 21 June 2019, Ms. Dong, as a non-executive director of the Company, will not receive compensation from the Company. Ms. Dong resigned as a non-executive director on 12 April 2021.

Changes to information on Director, Supervisor and Senior Management

Dr. Tin Yau Kelvin Wong ceased to serve as the independent non-executive director of Qingdao Bank Co., Ltd since13 February 2020.

Mr. Wei wei ceased to serve as the independent non-executive director of AVIC International Holdings Limited since 19 June 2020.

Ms. Yang Jianping ceased to serve as the independent non-executive director of Jinzhong Kaifa Rural Commercial Bank Company Limited since 24 December 2020; and was appointed as the independent non-executive director of Beijing Shengtong Printing Company Limited.

Ms. Xiao Hong ceased to serve as the supervisor of Xi'an Guoshui Wind Power Equipment Co., Ltd and Xinjiang New Energy Institute Co., Ltd. since 21 December 2020.

Save as disclosed above, to the best of the Company's knowledge, during the year ended 31 December 2020, there has been no change to the information about the directors, supervisors or senior management of the Company required to be disclosed and which have been disclosed in accordance with Rules 13.52(2)(a) to (e) and (g) of the Listing Rules.

Chairman and President

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

The Chairman is responsible for establishing the Company's strategies, ensuring the proper functioning of the Board, and monitoring the Company's corporate governance practices and procedures. In addition, the Chairman is responsible for encouraging all Directors to fully contribute to the Board's affairs, to express their opinions and ensuring that decisions of the Board reflect their consensus fairly, creating a culture of openness and constructive discussions, maintaining an effective communications channel with the Shareholders, and ensuring the Board acts in the best interests of the Company. During the year ended 31 December 2020, the Chairman held a meeting with each of the non-executive Directors and independent non-executive Directors and obtained independent opinions relating to affairs of the Board and the Company without the presence of other executive Directors.

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

Directors' and Supervisors' Securities Transactions

The interests in the Company's securities held by Directors or Supervisors as at 31 December 2020 are set out in the section headed "The Board of Directors' Report – Interests and Short Positions in Shares of the Company and its Associated Corporations by Directors and Supervisors" on page 64 of this annual report.

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the Model Code. The Company has strictly complied with other relevant binding clauses imposed by the regulatory authorities of Hong Kong and the PRC, and we adhere to the principle of complying with the stricter regulations between the two jurisdictions. The Company made specific enquiry to all Directors and Supervisors about whether they complied with the Model Code during the Reporting Period, all Directors and Supervisors have confirmed to the Company that they have complied with the Model Code during the year ended 31 December 2020.

Board Committees

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

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

1. Audit Committee

The Audit Committee consisted of two independent non-executive Directors and one non-executive Director, namely Dr. Tin Yau Kelvin Wong, Mr. Lu Hailin and Ms. Yang Jianping. The committee chairman was Dr. Tin Yau Kelvin Wong.

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

The work performed by the Audit Committee during the year ended 31 December 2020 included reviewing the Company's annual, interim and quarterly reports, effectiveness of internal audit, risk management and internal control procedures and systems, and monitoring external audit services and providing recommendations for the appointment of external auditors.

2. Nomination Committee

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

The primary duties of the Nomination Committee include making recommendations to the Board on the size and composition of the Board based on the Company's operating structure, asset size and shareholding structure, studying the criteria and procedures for the selection of Directors and senior management and making recommendations to the Board, reviewing the independence of independent Directors, extensively searching for qualified candidates for Directors and senior management, reviewing and making recommendations on the appointment or re-appointment of candidates for Directors and senior management, reviewing the succession plan for the members of the Board, particularly the Chairman and the President, and conducting regular assessment.

Procedures for nomination of Directors and senior management are:

- Shareholders individually or jointly holding more than 3% of the shares of the Company, more than two Directors, the President, the Chairman of the Board or the Supervisory Committee may propose the candidates for Directors and senior management and submit the relevant materials of the nominees in accordance with the role requirements for Directors and senior management under the Articles to the office of the secretary to the Board for collection purposes;

- The office of the secretary to the Board shall collect and sort out the proposed positions and relevant materials of the nominees and submit them to the Nomination Committee;

- The chairman of the Nomination Committee shall designate a member to seek the opinions of the nominees on the nomination;

- The Nomination Committee shall convene a meeting to review the qualifications of the candidates and make recommendations to the Board based on the candidates' contributions in terms of qualifications, skills, experience, independence and gender diversity, as well as the job requirements for Directors and senior management as required by laws and regulations;

- 10 days before the election of new Directors and the appointment of new senior management, review opinions on the candidates for Directors and new senior management shall be submitted to the Board.

The work performed by the Nomination Committee during the year ended 31 December 2020 included reviewing the structure and composition of the Board, reviewing the qualification of Directors, and assessing the independence of the independent non-executive Directors.

The Company has recognized the importance of board diversity to corporate governance and board effectiveness in terms of examination and evaluation of corporate issues from different perspectives. As such, the Company adopted a board diversity policy (the "Diversity Policy") which sets out the objectives and principle regarding board diversity in 2014. Pursuant to the Diversity Policy, the Company considers board diversity from a number of aspects, including but not limited to gender, race, language, cultural and educational background, industry and professional experience. The ultimate decision would be based on merit and contribution the selected candidates would bring to the Board as well as the Company's business needs. Having reviewed the Diversity Policy and the Board's composition, the Nomination Committee considers that the requirements set out in the Diversity Policy had been met.

3. Remuneration and Assessment Committee

The Remuneration and Assessment Committee consisted of two independent non-executive Directors and one executive Director, namely Mr. Wei Wei, Ms. Yang Jianping, and Mr. Cao Zhigang. The committee chairman was Mr. Wei Wei.

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

The remuneration of the Company's employees is determined based on the principles of fairness and reasonableness, including basic salary, performance salary, housing provident fund and various insurance amounts. The Company will also provide year-end bonuses to employees at its discretion based on Company performance and individual performance of employees.

The work performed by the Remuneration and Assessment Committee during the year ended 31 December 2020 included reviewing the Company's human resources report, determining the remuneration and bonus of relevant Directors and Senior Management based on the performance of the Company and in accordance with the Company's Administration Rules for Remuneration.

4. Strategic Committee

The Strategic Committee consisted of two executive Directors, one non-executive Director, and one independent non-executive Director, namely Mr. Wu Gang, Mr. Wang Haibo, Mr. Gao Jianjun and Mr. Wei Wei. The committee chairman was Mr. Wu Gang.

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

Board and Committee Meetings

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

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

Details of Directors' attendance at Board meetings, committee meetings, and shareholders' general meetings of the Company during the year ended 31 December 2020 are set out below:

Name	Board	Audit Committee	Nomination Committee	Remuneration & Assessment Committee	Strategic Committee	Shareholders' General Meeting
Executive Directors						
Mr. Wu Gang	8/8		1/1		2/2	3/3
Mr. Cao Zhigang	8/8			1/1		3/3
Mr. Wang Haibo	6(2)[1]/8				2/2	0/3
Non-executive Directors						
Mr. Gao Jianjun	6(2)[1]/8				2/2	0/3
Ms. Gu Hongmei[2]	2/2				1/1	0/0
Mr. Lu Hailin	4(4)[1]/8	5/5				0/3
Ms. Dong Zhenyu[3]	4/4					0/1
Independent Non-executive Directors						
Dr. Tin Yau Kelvin Wong	8/8	5/5				3/3
Mr. Wei Wei	8/8		1/1	1/1	2/2	3/3
Ms. Yang Jianping	8/8	5/5	1/1	1/1		1/3

Notes:

1. The director attended the board meetings by proxy.

2. Due to the change of shareholder of Hexie Health Insurance Co., Ltd, Ms. Gu Hongmei has ceased to serve as the non-executive director since 8 June 2020.

3. Ms. Dong Zhenyu's appointment was effective from 17 October 2020. Ms. Dong Zhenyu resigned as non-executive director on 12 April 2021.

Appointment of Directors

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

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

Directors' Commitments

The Company has received confirmation from each Director that he has devoted sufficient time and attention to the affairs of the Company for the year ended 31 December 2020. All of the Directors have disclosed to the Company the number and nature of offices held in listed companies or other significant commitments, including the name of and offices held in such companies or organizations. The Directors are periodically reminded to notify the Company in a timely manner with regards to any change of such information. Offices held in other listed companies or other significant commitments of the Directors in office as at 31 December 2020 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report. Any changes to such information of the Directors during the year ended 31 December 2020 are set out in the section headed "Corporate Governance Report – Changes to Information on Directors, Supervisors and President" on page 77 of this annual report.

Directors' Training

The Company continuously updates all Directors on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors. The Company also submitted Directors' Monthly Operations Report to brief Directors on the Company's monthly businesses, financial position, industry and market environment, and capital market updates. The Board is encouraged to observe the relevant regulatory requirements. All Directors are encouraged to attend external forums or training courses on relevant topics which may count toward towards continuous professional development training.

Pursuant to the Corporate Governance Code A.6.5, Directors should participate in continuous professional development to refresh and develop their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year, all Directors have participated in appropriate continuous development activities either by attending training courses or by reading materials relevant to the Company's business or the Director's duties and responsibilities.

Details of Directors' attendance at seminars/training sessions/in-house briefing/regarding materials during the year ended 31 December 2020 are set out as below:

Name	Attending seminar and/or Conferences and/or forums	Reading journals, updates, articles and/or materials, etc.
Executive Directors		
Mr. Wu Gang	✓	✓
Mr. Cao Zhigang	✓	✓
Mr. Wang Haibo	✓	✓
Non-executive Directors		
Mr. Gao Jianjun	✓	✓
Ms. Gu Hongmei	✓	✓
Mr. Lu Hailin	✓	✓
Ms. Dong Zhenyu	✓	✓
Independent Non-executive Directors		
Dr. Tin Yau Kelvin Wong	✓	✓
Mr. Wei Wei	✓	✓
Ms. Yang Jianping	✓	✓

THE SUPERVISORY COMMITTEE

The Supervisory Committee is the Company's permanent supervisory system. It is responsible for the supervision of the Board, the Directors, the President, and Senior Management in order to prevent such persons from exploiting their authority and violating the legal rights and interests of the Shareholders, the Company and employees of the Company. The Supervisory Committee has remained in strict compliance with the relevant provisions in the *Company Law* of the PRC, the Articles and the Supervisory Committee Regulations of the Company during the year ended 31 December 2020. The Supervisors are aware of their collective and individual responsibilities to all Shareholders and acted to the best of their abilities to protect the interests of the Shareholders and the Company.

The responsibilities undertaken by the Supervisory Committee include:

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

Supervisory Committee Composition

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

The Supervisory Committee composition during the year ended 31 December 2020 and up to the Latest Practicable Date is set out below:

Supervisors

Mr. Han Zongwei *(Chairman)*
Mr. Luo Jun
Ms. Xiao Hong

Employee Representative Supervisors

Mr. Lu Min
Ms. Ji Tian

The current Supervisory Committee is the seventh session of the Supervisory Committee. The term of office of the seventh session of the Supervisory Committee began on 22 June 2019, with a term of three years. The Company has already entered into a service contract with each of the Supervisors for their services to the Company, stating, among other things, their respective annual remuneration and length of service with the Company.

The profiles of the Supervisors in office as at 31 December 2020 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report.

Supervisory Committee Meetings

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

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

Details of Supervisors' attendance at committee meetings of the Company during the year ended 31 December 2020 are set out below:

Name	Attendances/ Meetings Held
Supervisors	
Mr. Han Zongwei	5/5
Mr. Luo Jun	5/5
Ms. Xiao Hong	5/5
Employee Representative Supervisors	
Mr. Lu Min	5/5
Ms. Ji Tian	5/5

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk Management

Risk Management Framework Objectives and Principles

The Group established its risk management system based on the *Central Enterprises Comprehensive Risk Management Guidelines* (中央企業全面風險管理指引) and *COSO Comprehensive Risk Management Framework* (COSO全面風險管理框架). The Company defines risks as uncertainty towards business objectives including possible gains or losses.

The Company's overall risk management objectives are:

- Ensure that the risk is within the scope of the Company's development strategy;
- Ensure that the Company is in compliance with the relevant laws and regulatory requirements;
- Ensure the implementation of the Company's relevant regulations for major measures that achieve business objectives, ensure the validity of the Company's management, improve the efficiency and effect of business activities, and reduce uncertainty when achieving business objectives;
- Ensure that the Company has a critical risk plan, mitigates heavy losses, and safeguards its assets.

The Company's risk management program was established on the basis of its:

- Complete implementation principle: risk management should be implemented before, during and after every event; it should be implemented in every level within the Company's operations, covering all business of the Company and influencing every operating decision. From administration to supervision to feedback on information, the Company's risk management process aims to be one without gaps or loopholes;
- Importance principle: risk management should be based on overall control, focusing on important business issues and high risk areas, strengthening the risk management of the *Three Priorities* (三重一大);
- Checks and balances principle: risk management requires the Company's departments and positions have separate rights and responsibilities with mutual dependence and full supervision of each other;
- Integrated management principle: risk management and internal control system methods should be fully integrated and standardized. Risk prevention, anti-fraud, and standardized management, when combined achieve the coordinated operation of the management system, promote each other, and constantly strengthen the ability of risk prevention and control, effectively enhancing the Company's performance;
- Cost-benefit principle: the Company must evaluate the cost and expected return to achieve effective control at the appropriate cost;
- Macro management principle: the Company develops policies while each business unit, branch office, and subsidiary company implements them in accordance with their own respective risk management and internal control program.

Risk Management Organization and Responsibilities

The Company's risk management is equipped with three lines of defense: each business unit, affiliated company, and level of management are its first line of defense; the Audit and Legal Affairs department alongside other functional departments of the group are its second line of defense; the Group's Board and its Audit Committee are its third line of defense.

The Board and its Audit Committee	• Responsible for the risk management of the Company's unified leadership and deployment, is the highest risk management decision-making body; • Examine and approve significant risks alongside coping strategies, write significant risk accident investigation reports, responsible for the significant accident disposal program, author opinions on liability for significant accidents. • Review the Company's risk management oversight report;
Audit and Suspension department	• Responsible for the supervision and evaluation of risk management combined with internal audit; • Create the risk management organization system, optimize the process and system while supervising its implementation; • Prepare the risk monitoring report, periodically report to the Board and its Audit Committee the Group's risk management situation, listen to the suggestions of committee members to carry out improvement work;
Other functional departments	• Responsible for the implementation of the business and management process, the implementation of the fundamental process of risk management, as well as identifying, evaluating, and responding to risk; • Participate in the formulation of the risk control plan and implementation; • Participate in risk assessment and the implementation of high risk business; • Responsible for supervising and inspecting the business and management for the centralized management;
Every business unit, affiliated company, and level of management	• Responsible for risk management within the business units and affiliated companies, implementing the basic process of risk management, as well as identifying, evaluating and responding to risks; • Make the risk control plan, responsible for the implementation of risk assessment and implementation of high risk business plan; • After undergoing any change, business units or affiliated companies must report the specific nature of their risk issues in a timely manner to the relevant departments for recording.

Risk Management Processes and Procedures

The Company's risk management general procedure is to first classify risk, second identify risk, third assess risk, and lastly respond to risk. The Company's risk management system requires participation in departments at every level, regardless of the level of risk management or business area, all must adhere to this universal procedure.

Risk classification – establish a risk classification framework according to the Company's business activities, sort out the classification of risk, risk categories can be expanded according to the level.

Risk identification – the process of analysis and discovery of potential factors that may affect the Company's strategic objectives and business objectives. Risk identification can be carried out by means of a questionnaire, report analysis, process analysis and expert discussion.

Risk assessment – Assess the possibility of the risk and its impact, make a comparison to other risks to determine its significance, and determine the priorities of management and response strategies.

Risk response – the Company responds to the risk according to their own conditions and external environment, combined with the actual situation of the project to determine the risk management intentions, including risk aversion, risk reduction, risk sharing and risk acceptance.

Risk Management Characteristics

The Company has practiced risk management for many years which has formed its own characteristics in its style of risk management.

Integrated – the risk management system of the Company is a comprehensive management system that is integrated within other management systems, it is a part that cannot be separated from its whole. Risk management and internal control are integrated within: standardized management, lean management in goal setting, division of labor organization, guaranteeing measures and implementation procedures, the Company's continual exploration, its integrated management system, and the process of improving the overall management efficiency.

Harmonized – the Company's risk management system requires full coverage in the management of all aspects. For instance, the annual business development plan, project investment examination and approval, bidding and purchasing, and policy-making all require a risk response plan.

Aligned – the Company's risk management style is aligned with the Company's corporate culture. The Company's corporate culture and value proposition determine the Company' appetite for risk.

Internal Control

The Group established its internal control based on the *Company Law* of the PRC, *Accounting Law* of the PRC, CASBE, and the *Basic Administration Rules* on Corporate Internal Control (企業內部控制基本規範) jointly issued by five regulatory bodies of the PRC in 2008, and other relevant rules and regulations. The basic principles of the internal control system of Group are the principle of comprehensiveness, the principle of importance, the principle of balance, the principle of adaptability and the principle of cost efficiency.

Organizational System and Responsibilities

Everyone in Group has a role to undertake within the Company's internal control system:

- The Board is responsible for the establishment and improvement of internal control. The Board has established the Audit Committee which is responsible for the review of internal control, the effective implementation of monitoring internal control and internal control self-assessment, as well as coordination of the internal control audit and other related matters.
- The Supervisory Committee shall supervise the establishment and implementation of the internal control of the Board.
- The managers are responsible for organizing and leading the daily operation of internal control.
- The Audit and Legal Affairs department supervise and check the effectiveness of the internal control of the Group in conjunction with the internal control and internal audit. Internal control deficiencies found the by the Audit and Legal Affairs department will be reported in accordance with the working procedures of the internal audit; report directly to the Board and its Audit Committee as well as the Supervisory Committee any major defects found in internal control supervision and inspection.
- Staff at all levels are responsible for the implementation of specific internal controls in accordance with the requirements of the Company's internal control manual and the control of evidence.

Internal Control Mechanism

The Group, according to *Basic Administration Rules on Corporate Internal Control* (企業內部控制基本規範), established an internal control system based on its internal environment, risk assessment, control activities, information and communication, and internal supervision. The *Internal Control Manual of Xinjiang Goldwind Science & Technology Co. Ltd.* (新疆金風科技股份有限公司內部控制手冊) is one of the fundamental documents detailing the construction and evaluation of Group's internal control system, it is a guide for the construction and implementation of Group's internal control system, it promotes the further standardization of production and business activities, and once implemented it strengthens the ability of risk prevention.

The Company advocates integrity as the core of positive corporate culture. The Company developed the *Goldwind Science & Technology Culture Handbook* (金風科技文化手冊) which covers the Company's mission, vision and core values, business philosophy, and other content so that all employees have a clear understanding of the principles and norms of the Company. The Company's governance structure is a standardized and stable operation. Human Resources has developed a comprehensive introduction, development, use, and exit related system processes.

The Company has different levels of coping strategies for risk, either the Company's level of risk or business activity level of risk. At the Company level, it determines its overall goal and objectives for mitigation according to the business objectives of the Company's development strategy and its annual business objectives; it identifies the factors that influence the realization of its goals (collection, analysis, and arrangement of risk), it creates a preliminary risk database with examples from both its domestic and foreign industry; it uses the Company's risk assessment standards to analyze historical industry data to understand the cause of the risk, the probability and impact of risk, to identify significant risks at the Company level. At the business activity level, the Group takes account of the important accounting items and disclosures in the financial statements to sort out the business of the Company, it determines sales and receivables of project management and 16 other types of business, and basically covers all aspects of the Group's management activities. To aid in the process, the Group has created an important business process directory. After identifying important business processes, the Group evaluates risk in important business by the method of risk identification and analysis, and establishes a risk database. At the same time, the Group identifies new risks according to changes in business activities, and maintains and updates its risk database. The internal control manual's established processes are also regularly updated according to the business process evaluation.

The Group, according to the Company level or business activity level risk assessment results, uses incompatible job separation control, authorization control, accounting system control, property protection control, budgetary control, operation control and performance evaluation control, through the development and deployment of systems and process implements internal control activities. Group's functional departments and business units in their respective duties within the scope of their management, formulate their own rules and regulations; each business unit in different business sectors, such as purchasing, sales, R&D all create their own business system and process documents, as operational rules for business execution. The operation center of the group is responsible for the collection and compilation of the system processes of all levels, units and departments.

The Company gradually formed a scientific standardization, wherein different levels, through various forms of internal information transmission mechanism, protect the internal control of the transfer of information and support the internal monitoring operation. The Company attaches importance to the construction of its information system, and gives full play to the role of information technology in internal control. The Company has established a complaint reporting system and set up a hotline which is open to all of its staff to ensure the smooth flow of complaints; it has become one of the important steps in the Company's measures against fraud.

Internal Audit

The Company has established an internal audit function and formulated the *Internal Control Supervision and Inspection System* (內部控制監督檢查制度), which clearly defines the internal audit department as accepting the guidance and supervision of the Board's Audit Committee, carrying out the functions of inspection and supervision independently, and specify the qualitative and quantitative standards for defects. The audit department is equipped with full-time staff whose daily work includes risk assessment, internal control audits, financial audits, complaint handling, and special inspection work. At least once a year, the department conducts a comprehensive inspection and supervision of the group's internal control, and carries out regular inspections of the internal control of the Group on a regular basis. The audit department reports directly to the Chairman.

The Audit and Legal Affairs department regularly reports to the Board on its work about internal control inspection and supervision. The Audit and Legal Affairs department submits an annual report on internal control supervision to the Board's Audit Committee within three months after the end of the year. The Audit Committee of the Board is responsible for the supervision and inspection of the internal control and reviewing the report of the internal control inspection and supervision submitted by the Audit and Legal Affairs department.

At each year end, in accordance with the requirements under the *Company Internal Control Evaluation Guideline* (企業內部控制評價指引), which focuses on the internal environment, risk assessment, control activities, information and communication, internal supervision and other factors, the Company conducts a comprehensive self-evaluation on internal control. The scope of the evaluation includes all of the Company's key business areas and business processes. The annual internal control evaluation comprises the internal control evaluation team, a clear division of labor and rate of progress schedule, an on-site inspection amongst other ways to organize the implementation of an internal control evaluation. The main person in charge of each unit is responsible for the authentication of the internal control self-assessment process and its conclusion.

Internal Control Defect Handling

The Company established defect identification standards for its internal control according to its business scale, characteristics, and risk tolerance. There are two standards: general defects and major defects, these standards were formed from two aspects of qualitative and quantitative identification according to the severity of the defects. This identification criteria was adopted by the Board.

After an audit, the internal audit department of the Company will report all internal control anomalies and improvement proposals in a work report to the chairman and the management of the Company. The management of the Company will propose corrective actions while the internal audit department will supervise its implementation, after immediately sending a report to the Board's Audit Committee. For instance, there were defects in the Company's annual internal control self-assessment that were reported to the Board, the Board identified the major defects, and then implemented remedial measures.

Due to negligence in relevant personnel resulting in significant defects or significant risks in the internal control report to the Company which caused serious damage, the Company will start the accountability process and find out who is to blame.

Review of Risk Management and Internal Control Results

According to the *Fundamental Norms of Enterprise Internal Control* (企業內部控制基本規範) and its supporting guidelines, the Company's internal control system and evaluation methods, on the basis of daily supervision of internal control and special supervision as well as the Board's Audit Committee submitting an assessment determining the nature and level of risk that the Company is willing to undertake to achieve its strategic objectives and tweaking their internal control system at least once a year are sufficient for its risk management and internal control system implementation and supervision. The Board has reviewed the Company's risk management and internal control system for the year ended 31 December 2020, and has concluded that the risk management and internal control as of 31 December 2020 there are no significant deficiencies in its risk management and internal control systems and that such systems are sufficient and effective.

Risk management and internal control have inherent limitations, as these systems are designed to manage risk rather than completely eliminate any risk of failure when achieving business objectives. Any monitoring system can only provide reasonable assurance rather than absolute assurance. Nevertheless, the Board and the Company's management will continue to improve the company's risk management and internal control system.

The Board is ultimately responsible for the effectiveness of the Group's risk management and internal control system. Each year, the Board reviews the Company's financial report while simultaneously reviewing and forming resolutions for the *Internal Control Evaluation Report* (內部控制評價報告), after which it is responsible for disclosing information to relevant departments for handling.

Inside Information

The Company was in strict compliance with the *Securities Law* of the PRC, *Securities and Futures Ordinance*, the *Listing Rules of the Shenzhen Stock Exchange* and other relevant laws and regulations. The Company established and improved internal control procedures related to handling and dissemination of insider information.

- The Company deeply understood and followed the principle of timely disclosure of inside information and safe harbor provisions.
- The Company created the *Information Disclosure Management System* (資訊披露管理制度) which states that the Board bears the ultimate responsibility for ensuring that the Company performs its disclosure obligations. This system has established an effective information disclosure management system, standardized the responsibility and procedure of information disclosure, and listed the situation of the stock price sensitive information and inside information.
- The Company established the insider registration management system which clearly states the scope of knowledge and confidentiality obligations of those with inside information.
- The Company regularly provided training on inside information to relevant personnel.
- The Company is listed on the Hong Kong and Shenzhen Stock Exchange, and has ensured that the disclosure of inside information was timely, accurate and consistent in the two markets.

SENIOR MANAGEMENT

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

The responsibilities undertaken by the Senior Management include:

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

Senior Management Composition

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

The Senior Management composition during the year ended 31 December 2020 and up to the Latest Practicable Date is set out below:

President

Mr. Cao Zhigang

Executive Vice Presidents

Mr. Wang Haibo

Vice Presidents

Mr. Zhou Yunzhi
Mr. Li Fei
Mr. Wu Kai
Mr. Liu Rixin
Mr. Gao Jinshan

Secretary of the Board

Ms. Ma Jinru

Chief Financial Officer

Mr. Liu Chunzhi (resigned on 9 March 2021)

Chief Engineer

Mr. Zhai Endi

The profiles of the Senior Management in office as at 31 December 2020 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 46 of this annual report.

Shares Held by Senior Management

Based on information known to the Company, as at 31 December 2020, details of Senior Management who hold shares in the Company are set out below:

Name	Position	Date of Appointment	Share Category	Number of Shares
Mr. Cao Zhigang	President	11 August 2019	A Shares	12,343,283
Mr. Wang Haibo	Executive Vice President	9 August 2019	A Shares	672,100
Mr. Zhou Yunzhi	Vice President	9 August 2019	A Shares	672,150
Mr. Li Fei	Vice President	9 August 2019	–	–
Mr. Wu Kai	Vice President	9 August 2019	A Shares	672,150
Mr. Liu Rixin	Vice President	9 August 2019	H Shares	79,300
Mr. Gao Jinshan	Vice President	9 August 2019	–	–
Mr. Liu Chunzhi	Chief Finance Officer	9 August 2019	–	–
Ms. Ma Jinru	Vice President and Secretary of the Board	11 July 2019	A Shares	672,150
Mr. Zhai Endi	Chief Engineer	9 August 2019	A Shares	20,000

Remuneration of Directors, Supervisors and Senior Management

For the year ended 31 December 2020, the remuneration of Directors, Supervisors and Senior Management during their term of office is set out below:

Unit:RMB ten thousands

Name	Position	Total Remuneration before tax received from the Company during the Reporting Period
Mr. Wu Gang	Chairman	507.48
Mr. Cao Zhigang	Executive Director and President	604.33
Mr. Wang Haibo	Executive Director and Executive Vice President	516.41
Mr. Gao Jianjun	Non-executive Director	–
Ms. Gu Hongmei	Non-executive Director	–
Mr. Lu Hailin	Non-executive Director	–
Ms. Dong Zhenyu	Non-executive Director	–
Dr. Tin Yau Kelvin Wong	Independent Non-executive Director	20.03
Mr. Wei Wei	Independent Non-executive Director	20.02
Mr. Yang Jianping	Independent Non-executive Director	20.02
Mr. Han Zongwei	Chairman of the Supervisory Committee	–
Mr. Luo Jun	Supervisor	–
Ms. Xiao Hong	Supervisor	–
Mr. Lu Min	Supervisor	124.40
Ms. Ji Tian	Supervisor	123.44
Mr. Zhou Yunzhi	Vice President	463.90
Mr. Li Fei	Vice President	534.02
Mr. Wu Kai	Vice President	418.47
Mr. Liu Rixin	Vice President	354.55
Mr. Gao Jinshan	Vice President	497.98
Ms. Ma Jinru	Vice President and Secretary of the Board	373.17
Mr. Zhai Endi	Chief Engineer	462.61
Mr. Liu Chunzhi	Chief Financial Officer	569.96

Company Secretary

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

Ms. Ma Jinru participated in approximately 65 hours of relevant professional training during the year ended 31 December 2020 relating to, among others, regulatory updates, corporate governance and business and market related topics of the Company and our industry in order to develop and refresh her knowledge and skills.

ARTICLES

The Company did not revise the Articles in 2020.

AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu were appointed as the Company's auditors for the financial year ended 31 December 2020. The Audit Committee reviewed and confirmed the auditors' independence and that there were no relationships between the auditors and the Company which may reasonably be thought to bear on their independence.

The services received from our auditors and the respective fees payable (excluding tax) by the Company for the financial year ended 31 December 2020 are set out below:

Unit: RMB million

	Year ended 31 December	
Service	**2020**	2019
Audit		
Audit of annual report and other related services	**8.97**	7.99
Audit of internal control	**0.54**	0.54
Non-audit		
Review of interim report	**1.65**	1.65
Total	**11.16**	10.18

DIRECTORS' AND AUDITORS' RESPONSIBILITIES

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

The Directors' and auditors' responsibilities for the Financial Statements are set out in the section headed "Independent Auditor's Report" on page 97 of this annual report.

INVESTOR RELATIONS

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

In 2020, 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 four results announcement road shows and four results announcement telephone conferences, and accommodated 38 investor visits. The Company hosted a total of 255 investors through such events.

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

OPINION

We have audited the consolidated financial statements of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 102 to 243, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with Code of Ethics for Professional Accountants (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
As at 31 December 2020, the carrying amount of trade receivables was approximately RMB20,816 million representing 19.07% of the Group's total assets as at that date. In accordance with the impairment method of IFRS 9 Financial Instruments, the Group established a provision matrix based on its historical credit loss experience and existence of disputes adjusted for forward-looking factors specific to the debtors and the economic environment after taking into consideration the credit risk characteristics of different customers. The expected credit losses (the "ECLs") is calculated based on the combination of individual and collective assessment. The Group recognized a loss allowance based on lifetime ECLs, the amount of provision involved the use of significant management judgement and estimates. Details of the related estimation uncertainly are set out in notes 4, 5 and 50 to the consolidated financial statements.	Our major procedures in relation to impairment of trade receivables included: • Testing the Group's relevant internal controls over impairment of trade receivables. • Assessing and evaluating the appropriateness of the ECLs model and the reasonableness of the average loss rate of the ECLs model adopted by management, and considering the impact of the forward-looking information. • Considering whether there were special impairment indications over long ageing receivables. • For impairment of trade receivables assessed individually, reviewing the basis and appropriateness of management's estimation of expected cash flows on a sample basis; for impairment of trade receivables assessed collectively, testing the accuracy of the ageing of trade receivable balances.
Provision for product warranties	
As at 31 December 2020, the provision for product warranties amounting to approximately RMB4,409 million was recorded in the consolidated statement of financial position. The Group grants various types of product warranties to the customers of wind turbine generator products under which the performance of products delivered is generally guaranteed for a period of two to five years. During the warranty period, the Group is required to provide operation and maintenance services including free repairs and renewal of spare parts. Provision for product warranties made by the Group for certain products was estimated based on sales volume and historical experience of the level of repairs. If the estimate changes, it will have a significant impact on the provision for product warranties expense and balance. Details of the related estimation uncertainty are set out in notes 4, 5 and 35 to the consolidated financial statements.	Our major procedures in relation to provision for product warranties included: • Testing the Group's relevant internal controls over the provision for product warranties. • Evaluating the appropriateness of the methodology used by management for estimating warranty provision, assessing the assumptions used by management in determining the reasonableness of the warranty provision by comparing historical data. • Testing the appropriateness of the underlying data used in the calculations by reviewing the warranty terms as set out in the respective sales contracts. • Testing the arithmetic accuracy of the warranty provision made. • Testing the amount of warranty provision utilized during the year and reviewing any amount of warranty provision reversed as unconsumed after the warranty period.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but dose not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Yam Siu Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
		Year ended 31 December	
REVENUE	7	**56,145,827**	37,878,205
Cost of sales	8	**(46,498,340)**	(30,914,621)
Gross profit		**9,647,487**	6,963,584
Other income and gains, net	7	**2,147,239**	2,373,314
Selling and distribution expenses		**(3,651,445)**	(2,804,136)
Administrative expenses		**(3,485,143)**	(2,636,531)
Impairment losses on financial and contract assets, net		**(149,547)**	24,440
Other expenses	9	**(618,201)**	(611,451)
Finance costs	10	**(881,005)**	(1,109,319)
Share of profits of:			
Joint ventures	19	**247,674**	348,435
Associates	20	**16,481**	12,770
PROFIT BEFORE TAX	8	**3,273,540**	2,561,106
Income tax expense	12	**(308,064)**	(331,353)
PROFIT FOR THE YEAR		**2,965,476**	2,229,753
Profit attributable to:			
Owners of the Company		**2,963,514**	2,209,854
Non-controlling interests		**1,962**	19,899
		2,965,476	2,229,753

	Note	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income 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		**54,518**	164,523
		54,518	164,523
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**212,946**	69,550
Changes in fair value of debt instruments measured at fair value through other comprehensive loss		**5,636**	(31,845)
Cash flow hedges		**266,682**	(115,169)
Cost of fair value hedges		**(43,049)**	(2,059)
Hedges of net investment in foreign operations		**(187,358)**	–
Share of other comprehensive losses of joint ventures and associates		**(33,218)**	(8,852)
Net other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods		**221,639**	(88,375)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**276,157**	76,148
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,241,633**	2,305,901
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**3,243,363**	2,285,771
Non-controlling interests		**(1,730)**	20,130
		3,241,633	2,305,901
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (expressed in RMB per share)	14	**0.67**	0.51

Consolidated Statement of Financial Position

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
		As at 31 December	
NON-CURRENT ASSETS			
Property, plant and equipment	15	**33,380,435**	29,010,372
Investment properties		**10,083**	34,028
Right-of-use assets	16	**2,614,810**	1,169,505
Goodwill	17	**354,785**	470,160
Other intangible assets	18	**4,374,044**	3,661,961
Investments in joint ventures	19	**4,807,309**	3,014,696
Investments in associates	20	**1,595,197**	1,476,425
Equity investments designated at fair value through other comprehensive income	21	**249,179**	209,786
Financial assets at fair value through profit or loss	22	**1,091,480**	787,357
Other non-current financial assets	23	**50,893**	306,539
Deferred tax assets	24	**2,244,779**	1,864,270
Financial receivables	27	**7,997,292**	7,461,270
Prepayments, other receivables and other assets	28	**2,536,275**	1,176,854
Contract assets	29	**3,381,528**	3,719,519
Derivative financial instruments	33	**303,801**	143,803
Pledged deposits	30	**108,026**	106,371
Total non-current assets		**65,099,916**	54,612,916
CURRENT ASSETS			
Inventories	25	**5,717,595**	8,123,837
Trade and bills receivables	26	**22,976,906**	17,993,212
Contract assets	29	**1,402,033**	1,677,981
Prepayments, other receivables and other assets	28	**4,464,901**	6,214,235
Financial receivables	27	**350,438**	466,083
Derivative financial instruments	33	**299,369**	99,706
Financial assets at fair value through profit or loss	22	**500,000**	400,000
Other non-current financial assets	23	**53,145**	7,821
Pledged deposits	30	**564,654**	426,733
Cash and cash equivalents	30	**7,709,224**	6,820,780
		44,038,265	42,230,388
Assets of disposal groups classified as held for sale		**–**	6,213,780
Total current assets		**44,038,265**	48,444,168
CURRENT LIABILITIES			
Trade and bills payables	31	**28,610,039**	25,427,975
Other payables and accruals	32	**10,949,195**	12,185,680
Derivative financial instruments	33	**275,858**	15,745
Interest-bearing bank and other borrowings	34	**5,612,238**	5,705,324
Tax payable		**413,531**	299,919
Provision	35	**1,983,972**	1,608,494
		47,844,833	45,243,137
Liabilities directly associated with the assets classified as held for sale		**–**	4,325,763
Total current liabilities		**47,844,833**	49,568,900
NET CURRENT LIABILITIES		**(3,806,568)**	(1,124,732)
TOTAL ASSETS LESS CURRENT LIABILITIES		**61,293,348**	53,488,184

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Trade payables	31	**1,924,541**	1,477,772
Other payables and accruals	32	**494,663**	343,558
Interest-bearing bank and other borrowings	34	**19,942,934**	16,036,190
Deferred tax liabilities	24	**815,040**	947,737
Provision	35	**2,917,220**	2,186,405
Government grants	36	**211,007**	214,510
Derivative financial instruments	33	**–**	35,825
Deferred income		**14,653**	21,938
Total non-current liabilities		**26,320,058**	21,263,935
Net assets		**34,973,290**	32,224,249
EQUITY			
Equity attributable to owners of the Company			
Share capital	37	**4,225,068**	4,225,068
Reserves	38	**29,943,184**	26,450,053
		34,168,252	30,675,121
Non-controlling interests		**805,038**	1,549,128
Total equity		**34,973,290**	32,224,249

The consolidated financial statements on pages 102 to 244 were approved and authorized for issue by the board of directors on 26 March 2021 and are signed on its behalf by:

Wu Gang
Director

Cao Zhigang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Attributable to owners of the Company											
		Share capital RMB'000 (note 37)	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Other equity instruments RMB'000 (note 39)	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2020		4,225,068	12,091,099	–	1,438,513	25,384	(249,326)	1,993,618	(132,732)	11,283,497	30,675,121	1,549,128	32,224,249
Profit for the year		–	–	–	–	–	–	–	–	2,963,514	2,963,514	1,962	2,965,476
Other comprehensive (expense)/income for the year:													
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		–	–	–	–	54,518	–	–	–	–	54,518	–	54,518
Changes in fair value of debt instruments measured at fair value through other comprehensive income, net of tax		–	–	–	–	5,634	–	–	–	–	5,634	2	5,636
Cash flow hedges, net of tax		–	–	–	–	–	–	–	121,793	–	121,793	–	121,793
Release on disposal of subsidiaries		–	–	–	–	–	–	–	144,889	–	144,889	–	144,889
Hedges of net investment in foreign operations		–	–	–	–	–	–	–	(187,358)	–	(187,358)	–	(187,358)
Cost of fair value hedges, net of tax		–	–	–	–	–	–	–	(43,049)	–	(43,049)	–	(43,049)
Share of other comprehensive expenses of joint ventures and associates	19, 20	–	(33,218)	–	–	–	–	–	–	–	(33,218)	–	(33,218)
Exchange differences on translation of foreign operations		–	–	–	–	–	216,640	–	–	–	216,640	(3,694)	212,946
Total comprehensive (expense)/income for the year		–	(33,218)	–	–	60,152	216,640	–	36,275	2,963,514	3,243,363	(1,730)	3,241,633
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	56,644	56,644
Acquisition of subsidiaries	40	–	–	–	–	–	–	–	–	–	–	60,447	60,447
Disposal of subsidiaries	41	–	54,196	–	–	–	–	–	–	–	54,196	(874,730)	(820,534)
Decrease on dissolving of a subsidiary		–	–	–	–	–	–	–	–	–	–	(9,634)	(9,634)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	(900)	(900)	(5,600)	(6,500)
Disposal of interests in a subsidiary without loss of control		–	–	–	–	–	–	–	–	–	–	53,690	53,690
Final 2019 dividend declared		–	–	–	–	–	–	–	–	(676,011)	(676,011)	(23,177)	(699,188)
Profit appropriation to reserves		–	–	–	95,178	–	–	–	–	(95,178)	–	–	–
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income		–	–	–	–	(19,413)	–	–	–	19,413	–	–	–
Other changes of a investment in associate	20	–	(23,517)	–	–	–	–	–	–	–	(23,517)	–	(23,517)
Transfer to special reserve (note (i))		–	–	135,562	–	–	–	–	–	–	135,562	11	135,573
Utilisation of special reserve (note (i))		–	–	(135,562)	–	–	–	–	–	–	(135,562)	(11)	(135,573)
Distribution of other equity instruments		–	–	–	–	–	–	–	–	(101,000)	(101,000)	–	(101,000)
Capital contributions from other equity instruments holders		–	–	–	–	–	–	997,000	–	–	997,000	–	997,000
At 31 December 2020		4,225,068	12,088,560	–	1,533,691	66,123	(32,686)	2,990,618	(96,457)	13,393,335	34,168,252	805,038	34,973,290

	Attributable to owners of the Company											
	Share capital RMB'000 (note 37)	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Other equity instruments RMB'000 (note 39)	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 year	–	–	–	–	–	–	–	–	2,209,854	2,209,854	19,899	2,229,753
Other comprehensive (expenses)/income for the year:												
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	164,523	–	–	–	–	164,523	–	164,523
Changes in fair value of debt instruments measured at fair value through other comprehensive income	–	–	–	–	(31,842)	–	–	–	–	(31,842)	(3)	(31,845)
Cash flow hedges, net of tax	–	–	–	–	–	–	–	(115,169)	–	(115,169)	–	(115,169)
Cost of fair value hedges, net of tax	–	–	–	–	–	–	–	(2,059)	–	(2,059)	–	(2,059)
Share of other comprehensive expenses of associates	–	(8,852)	–	–	–	–	–	–	–	(8,852)	–	(8,852)
Exchange differences on translation of foreign operations	–	–	–	–	–	69,316	–	–	–	69,316	234	69,550
Total comprehensive (expenses)/income for the year	–	(8,852)	–	–	132,681	69,316	–	(117,228)	2,209,854	2,285,771	20,130	2,305,901
Capital contributions from shareholders	668,865	3,916,673	–	–	–	–	–	–	–	4,585,538	–	4,585,538
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	26,522	26,522
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	17,906	17,906
Acquisition of non– controlling interests	–	–	–	–	–	–	–	–	(139)	(139)	(16,046)	(16,185)
Final 2018 dividend declared	–	–	–	–	–	–	–	–	(1,056,267)	(1,056,267)	–	(1,056,267)
Profit appropriation to reserves	–	–	–	139,642	–	–	–	–	(139,642)	–	–	–
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(13,290)	(13,290)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	(39,012)	–	–	–	39,012	–	–	–
Changing from equity investments designated at fair value through other comprehensive income to investment in an associate	–	–	–	–	155,900	–	–	–	(155,900)	–	–	–
Transfer to special reserve (note (i))	–	–	(85,806)	–	–	–	–	–	85,806	–	–	–
Utilisation of special reserve (note (i))	–	–	85,806	–	–	–	–	–	(85,806)	–	–	–
Distribution of other equity instruments	–	–	–	–	–	–	–	–	(101,000)	(101,000)	–	(101,000)
At 31 December 2019	4,225,068	12,091,099	–	1,438,513	25,384	(249,326)	1,993,618	(132,732)	11,283,497	30,675,121	1,549,128	32,224,249

Note (i): In preparation of these consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2019 and 2020, for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expenses to profit or loss when such expenses were incurred, and at the same time the corresponding amounts of special reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilized.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**3,273,540**	2,561,106
Adjustments for:			
Finance costs	10	**881,005**	1,109,319
Foreign exchange difference, net		**18,547**	301,386
Interest income	7	**(327,563)**	(227,814)
Share of profits of joint ventures	19	**(247,674)**	(348,435)
Share of profits of associates	20	**(16,481)**	(12,770)
Depreciation of property, plant and equipment and investment properties	8	**1,616,476**	1,322,453
Depreciation of right-of-use assets	8	**131,337**	113,136
Amortisation of other intangible assets	8	**211,304**	181,975
Gain on disposal of items of property, plant and equipment and other intangible assets, net	8	**(10,401)**	(139,368)
Gain on disposal of subsidiaries	7	**(264,860)**	(720,830)
Gain on dissolving of subsidiaries		**(9,230)**	–
Gain on disposal of investment properties	7	**(18,814)**	(197,473)
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	7	**(775,356)**	–
Gain on disposal of investments in associates and joint ventures, net	7	**(217,732)**	(207,253)
Gain on disposal of financial assets at fair value through profit or loss	7	**(111,911)**	–
Dividend income from other non-current financial assets	7	**(30,418)**	(32,853)
Dividend income from an equity investment at fair value through profit and loss	7	**(8,551)**	(4,807)
Dividend income from derecognition of equity investments at fair value through other comprehensive income	7	**–**	(3,818)
Dividend income from financial assets at fair value through other comprehensive income	7	**(3,006)**	(3,469)
Interest from other investments	–	**–**	(5,308)
Fair value loss/(gain), net on equity investments of fair value through profit or loss	7	**119,680**	(101,097)
Fair value gain on derivative financial instruments – transactions not qualifying as hedges	7	**(129,143)**	(73,681)
(Reversal of impairment)/impairment of trade and other receivables	8	**145,286**	(21,631)
(Reversal of impairment)/impairment of financial receivables	8	**4,055**	(6,691)
Impairment of contract assets	8	**412**	3,892
Reversal of impairment of other non-current financial assets	8	**(206)**	(10)
Impairment of inventories to net realisable value	8	**255,651**	26,214
Impairment of assets reclassified as held for sale	8	**–**	11,391
Impairment of property, plant and equipment	8	**151,532**	3,873
Impairment of goodwill	8	**18,110**	8,479
Impairment of other intangible assets	8	**–**	117,241
Government grants and deferred revenue		**–**	(42,237)
Operating cash flows before working capital changes		**4,655,589**	3,610,920

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Decrease/(increase) in inventories		**607,736**	(3,141,454)
Decrease/(increase) in contract assets		**614,226**	(656,933)
Increase in trade and bills receivables		**(5,032,632)**	(937,720)
Increase in financial receivables		**(424,406)**	(487,596)
Increase in prepayments, other receivables and other assets		**(696,187)**	(1,582,616)
Increase in trade and bills payables		**5,396,055**	2,280,933
(Decrease)/increase in other payables and accruals		**(708,449)**	6,912,612
Increase in provision		**1,185,125**	242,461
Decrease in government grants and deferred income		**(3,503)**	(61,827)
Cash generated from operations		**5,593,554**	6,178,780
Income tax paid		**(308,064)**	(331,353)
Interest received		**91,955**	81,356
Net cash flows from operating activities		**5,377,445**	5,928,783
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(7,578,427)**	(10,968,117)
Additions of right-of-use assets		**(24,013)**	(95,014)
Additions of other intangible assets		**(58,262)**	(225,600)
Acquisitions of subsidiaries, net of cash acquired	40	**(352,474)**	(101,041)
Increase in advances to equity investment		**(369,955)**	–
Investments in joint ventures		**(235,732)**	(32,200)
Investments in associates		**(144,896)**	(520,508)
Purchases of equity investments at fair value through other comprehensive income		**(8,000)**	(27,586)
Purchases of financial assets at fair value through profit or loss		**(1,000,000)**	(740,000)
Purchases of other non-current financial assets		**–**	(37,592)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		**234,731**	132,697
Disposals of financial assets at fair value through profit or loss		**748,724**	351,631
Disposals of subsidiaries, net of cash disposed of	41	**1,753,760**	1,230,321
Cash received from disposal of subsidiaries during previous year		**795,387**	–
Disposals of other non-current financial assets		**156,000**	90,927
Disposal of equity investment designated at fair value through other comprehensive income		**29,783**	254,039
Disposal of shareholding in associates and joint ventures		**236,450**	608,823
(Increase)/Decrease in pledged deposits		**33,421**	(33,375)
Dividend income from financial assets at fair value through profit or loss		**8,551**	6,450
Dividend received from other non-current financial assets		**30,418**	20,654
Dividend received from joint ventures and associates		**99,136**	49,459
Dividend received from equity investments at fair value through other comprehensive income		**3,006**	9,901
Increase in non-pledged time deposits with original maturity of three months or more when acquired		**(10,252)**	–
Loans to joint ventures, associates and third parties		**(115,525)**	(161,068)
Cash from/(to) other investments		**48,915**	(79,413)
Net cash flows used in investing activities		**(5,719,254)**	(10,266,612)

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings	42(b)	**8,276,693**	11,458,078
Repayment of bank and other borrowings	42(b)	**(6,021,033)**	(7,641,612)
Decrease in loans to joint ventures and associates		**–**	(43,109)
Interest paid	42(b)	**(976,832)**	(1,073,351)
Fees for new bank and other borrowings		**(65,432)**	(65,456)
Capital contributions from non-controlling shareholders		**56,644**	26,522
Dividend paid	42(b)	**(784,390)**	(1,181,356)
Proceeds from issuance of perpetual securities, net of issuance costs		**997,000**	–
Other cash payment to pre-shareholders		**(7,440)**	–
(Increase)/decrease in pledged time deposit		**(5,325)**	11,615
Proceeds from issue of shares		**–**	4,639,734
Net cash flows from financing activities		**1,469,885**	6,131,065
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,128,076**	1,793,236
Cash and cash equivalents at beginning of year		**6,807,417**	5,012,017
Effect of foreign exchange rate changes, net		**(230,170)**	2,164
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**7,705,323**	6,807,417

1. GENERAL INFORMATION

Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company"). The Company is a joint stock company with limited liability established in Xinjiang in 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.

During the year, the Company and its subsidiaries (the "Group") was 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;
- Development and operation of water treatment plants and finance lease services.

In the opinion of the directors of the Company (the "Directors"), the Company has no controlling shareholders.

2. CORPORATE AND GROUP INFORMATION

Information about subsidiaries

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

Name*	Place of incorporation/ registration and business**	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd. (北京金風科創風電設備有限公司)	The PRC/Mainland China	RMB1,044,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Goldwind Windenergy GmbH	Germany	EUR 350,000	100	–	Investment holding
Beijing Tianrun New Energy Investment Co., Ltd. ("Beijing Tianrun") (北京天潤新能投資有限公司)	The PRC/Mainland China	RMB5,550,000,000	100	–	Investment holding
Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd. (北京天源科創風電技術有限責任公司)	The PRC/Mainland China	RMB200,000,000	100	–	Provision of construction and technical services for wind farms

2. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name*	Place of incorporation/ registration and business**	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Gansu Goldwind Wind Power Equipment Manufacture Co., Ltd. (甘肅金風風電設備有限公司)	The PRC/Mainland China	RMB88,600,000	100	–	Manufacture and sale of wind power equipment and accessories
Beijing Techwin Electric Co., Ltd. (北京天誠同創電氣有限公司)	The PRC/Mainland China	RMB100,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Urumqi Goldwind Tianyi Wind Power Co., Ltd. (烏魯木齊金風天翼風電有限公司)	The PRC/Mainland China	RMB426,060,000	100	–	Development and operation of wind farms
Beijing Goldwind Tiantong Science and Technology Development Co., Ltd. (北京金風天通科技發展有限公司)	The PRC/Mainland China	RMB3,000,000	100	–	Trading of wind power equipment and accessories
Jiangsu Goldwind Wind Technology Co., Ltd. (江蘇金風科技限公司)	The PRC/Mainland China	RMB759,610,000	100	–	Manufacture and sale of wind power equipment and accessories
Goldwind Investment Holding Co., Ltd. (金風投資控股有限公司)	The PRC/Mainland China	RMB1,000,000,000	100	–	Investment holding
Hami Goldwind Wind Power Equipment Manufacture Co., Ltd. (哈密金風風電設備有限公司)	The PRC/Mainland China	RMB10,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Tianze Jiangsu Goldwind Wind Power Co., Ltd. (江蘇金風天澤風電有限公司)	The PRC/Mainland China	RMB52,000,000	100	–	Development and operation of wind farms
Goldwind New Energy (HK) Investment Limited	The PRC/Hong Kong	HK$501,000,000	100	–	Investment holding
Goldwind International Holdings (HK) Limited ("Goldwind International Holdings (HK)")	The PRC/Hong Kong	HK$20,000,000	100	–	Investment holding
Goldwind Environmental Science & Technology Co., Ltd. (金風環保有限公司)	The PRC/Mainland China	RMB1,000,000,000	100	–	Investment holding, development and operation of water treatment plants
Xilingol league Area Goldwind Science & Technology Co., Ltd. (錫林郭勒盟金風科技有限公司)	The PRC/Mainland China	RMB50,000,000	100	–	Manufacture and sale of wind power equipment and accessories

2. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name*	Place of incorporation/ registration and business**	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tianxin International Finance Lease Co., Ltd. (天信國際租賃有限公司)	The PRC/Mainland China	US$30,000,000	–	100	Finance lease services
Hami Tianrun New Energy Co., Ltd. (哈密天潤新能源有限公司)	The PRC/Mainland China	RMB25,800,000	–	100	Development and operation of wind farms
Tacheng Tianrun New Energy Co., Ltd. (塔城天潤新能源有限公司)	The PRC/Mainland China	RMB67,000,000	–	100	Development and operation of wind farms
Pinglu Tianrun Wind Power Co., Ltd. (平陸天潤風電有限公司)	The PRC/Mainland China	RMB32,000,000	–	100	Development and operation of wind farms
Zhongning Tianrun Wind Power Co., Ltd. (中寧天潤風電有限公司)	The PRC/Mainland China	RMB4,000,000	–	100	Development and operation of wind farms
Keyou Zhongqi Tianyou New Energy Co., Ltd. (科右中旗天佑新能源有限公司)	The PRC/Mainland China	RMB75,000,000	–	70	Development and operation of wind farms
Hami Yandun Tianrun Wind Power Co., Ltd. (哈密煙墩天潤風電有限公司)	The PRC/Mainland China	RMB31,000,000	–	100	Development and operation of wind farms
Xiaxian Tianrun Wind Power Co., Ltd. (夏縣天潤風電有限公司)	The PRC/Mainland China	RMB46,000,000	–	100	Development and operation of wind farms
Yixian Tianrun Wind Power Co., Ltd. (義縣天潤風電有限公司)	The PRC/Mainland China	RMB10,000,000	–	100	Development and operation of wind farms
Jiangxian Tianrun Wind Power Co., Ltd. (絳縣天潤風電有限公司)	The PRC/Mainland China	RMB20,750,000	–	100	Development and operation of wind farms
Guyuan Fengrun Wind Power Co., Ltd. (固原風潤風電有限公司)	The PRC/Mainland China	RMB4,500,000	–	100	Development and operation of wind farms
Hami Tianrun Solar Energy Co., Ltd. (哈密天潤太陽能有限公司)	The PRC/Mainland China	RMB44,000,000	–	100	Development and operation of solar power generation projects
Buerjin Tianrun New Energy Co., Ltd. (布爾津天潤新能源有限公司)	The PRC/Mainland China	RMB4,000,000	–	100	Development and operation of wind farms
Fuyun Tianrun Wind Power Co., Ltd. (富蘊天潤風電有限公司)	The PRC/Mainland China	RMB4,000,000	–	100	Development and operation of wind farms
Jingzhou Tianchu Wind Power Co., Ltd. (荊州天楚風電有限公司)	The PRC/Mainland China	RMB42,000,000	–	100	Development and operation of wind farms

2. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name*	Place of incorporation/ registration and business**	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Goldwind USA, Inc.	USA/Delaware	US$3,600,000	–	100	Research and sale of wind power equipment and accessories
Goldwind Australia Pty Ltd.	Australia/Victoria	AUD 52,093,000	–	100	Research and sale of wind power equipment and accessories
Vensys Energy AG	Germany	EUR 5,000,000	–	70	Provision of technical services and manufacture and sale of wind power equipment and accessories
Vensys Elektrotechnik GmbH	Germany	EUR 100,000	–	63	Provision of technical services and manufacture and sale of wind power equipment and accessories
PARQUE EóLICO LOMA BLANCA S.A	Argentine Republic/ Buenos Aires	Piso 150,000	–	100	Development and operation of wind farms
Western Water Corporation	Samoa/Apia	US$5,000,000	–	100	Development and operation of water treatment plants

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

** All these companies were incorporated with limited liability.

*** None of the subsidiaries had issued any debt securities at the end of the year.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group as at 31 December 2020. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRSs Standards* and the following amendments to IFRSs issued by the the International Accounting Standards Board ("IASB") for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements.

Amendments to IAS 1 and IAS 8	*Definition of Material*
Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS7	*Interest Rate Benchmark Reform*

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applied hedge accounting to its benchmark interest rate exposure.

The amendments had no impact on the consolidated financial statements of the Group as the Group's designated hedged items/assessment of hedge effectiveness is not affected by the interest rate benchmark reform.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to IFRS 3	*Reference to the conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7,IFRS 4 and IFRS16	*Interest Rate Benchmark Reform-Phase2*[5]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts-Cost of Fulfiling a Contract*[2]
Amendments to IFRS Standards	*Annual Improvements to IFRS Standards 2018-2020*[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to IFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 Inventories.

The Group's existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment. During the year ended 31 December 2020, sale proceeds and related costs included in property, plant and equipment amounted to RMB15,366,000 and nil, respectively.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations) issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").They have been prepared under the historical cost convention, except for certain financial instruments, which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has evaluated the going concern for twelve months from 31 December 2020,and was of the view that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(b) potential voting rights held by the Group, other vote holders or other parties;

(c) rights arising from other contractual arrangements; and

(d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of preparation of consolidated financial statements (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the four elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies

Investments in associates and joint ventures

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

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

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Business combinations and goodwill (continued)

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

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

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting issued in October 2010*).

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Related parties (continued)

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

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

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

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

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

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

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

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

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

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

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

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of investment properties using the straight-line method over the estimated useful lives of 30 to 40 years. Owner-occupied property is transferred to investment property when there is a change in use evidenced by the end of owner occupation.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Non-current assets and disposal groups held for sale

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

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

Other intangible assets (other than goodwill)

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

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

Purchased patents, licences, self-developed technology know-how and office software are stated at cost less any impairment losses and are amortised on the straight-line basis over the shorter of their estimated useful lives of 7 to 10 years and the relevant licence periods.

Water treatment operating concession

Water treatment operating concession represents the right to operate a water treatment plant and is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the operating concession granted to the Group of 25 to 30 years. Details are given in “Service concession agreements” below.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Other intangible assets (other than goodwill) (continued)

Wind farm development and operating permit

Wind farm development and operating permit represents the right to develop and operate a wind farm and is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the development and operating permit granted to the Group of 20 to 30 years. If the wind farm is still in development stage, the amortisation will be capitalised in construction in progress.

Research and development costs

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

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

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

Service concession agreements

Consideration given by the grantor

A financial asset (receivable under a service concession arrangement) is recognised to the extent that (a) the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service; and (b) the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. The financial asset (receivable under service concession arrangement) is accounted for in accordance with the policy set out for loans and receivables under “Investments and other financial assets” below.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Service concession agreements (continued)

Consideration given by the grantor (continued)

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible assets (other than goodwill)" above.

Subsequent to initial recognition, the financial receivable is measured at amortised cost using the effective interest method.

When the Group receives a payment during the concession period, it will apportion such payment among (i) a repayment of the financial receivables (if any), which will be used to reduce the carrying amount of the financial receivables on the statement of financial position, (ii) interest income, which will be recognised as revenue in profit or loss and (iii) revenue from operating and maintaining the wastewater treatment plants ("WTPs") in profit or loss.

Construction or upgrade services

Revenue and costs relating to construction or upgrade services are accounted for in accordance with the policy set out for "Construction services" below.

Operating services

Revenue relating to operating services are accounted for in accordance with the policy for "Revenue recognition" below. Costs for operating services are expensed in the period in which they are incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Leases (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid land lease payments	10 to 50 years
Buildings	2 to 25 years
Machinery	2 to 10 years
Motor vehicles	2 to 5 years
Electronic and other equipment	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Leases (continued)

(b) 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 its incremental borrowing rate at the lease commencement date because 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 the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Investments and other financial assets (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Fair value gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income and gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Derecognition of financial assets

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

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

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

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

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

Impairment of financial assets

The Group recognises an allowance expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group perform ECL assessments collectively and individually. The Group uses provision matrix to calculate ECL for the trade receivables from goods and services from customers. The provision rates are based on past due analysis as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, credit impaired trade receivables from goods and services are assessed for ECL individually. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- types of financial instruments;
- remaining maturities of contracts;
- industry of debtors; and
- location of debtors.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

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

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

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

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

Offsetting of financial instruments

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and hedges of a net investment in a foreign operation, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Fair value hedges

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

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

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

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Cost of hedges

The Group separated the intrinsic value and time value of an option contract and designating as the hedging instrument only the change in intrinsic value of an option and excluding change in its time value; and same for the forward element and the spot price of a forward contract. These exceptions are permitted because the intrinsic value of the option and the forward element can generally be measured separately. A dynamic hedging strategy that assesses both the intrinsic value and time value of an option contract can qualify for hedge accounting.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Current versus non-current classification

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

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

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

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

Inventories

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

Cash and cash equivalents

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Provisions

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

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

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate.

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

Income tax

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

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Income tax (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

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

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

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

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Government grants

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

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

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

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

Perpetual securities

Perpetual securities are classified as equity, as the following conditions have been met:

- The financial instruments have no contractual obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavourable circumstances;

- The financial instruments will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a variable number of its own equity instruments; if the financial instrument is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Interest and distributions on perpetual securities classified as equity are recognised as distributions within equity.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of wind turbines and spare parts

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

Some contracts for the sale of industrial products provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Revenue recognition (continued)

Sale of electricity

Revenue from the sale of electricity, which is recognized at the point of transmission of electric power to electric power grid companies, is determined based on the volume of electric power transmitted and the applicable fixed tariff rates.

Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Employee benefits

Pension scheme

The Group has the social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. Under the plans, the Group has no further obligations beyond the contributions made.

Short-term employee benefits

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

Foreign currencies (continued)

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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

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

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Judgements

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

Determination of one performance obligations

The Group's sales transaction of wind turbine includes two types of goods or services commitments: sales of wind turbine as well as operation and maintenance services. As customers can benefit from the goods or services or together with other readily available resources, and the goods or services commitments can be distinguished from each other within the context of the contract, the above goods or services commitments constitute an one performance obligation separately.

Equity instrument

Equity instruments issued by the Company, such as perpetual medium-term notes, which is not settled in the Company's own equity instruments contain no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity. Therefore, such equity instruments are accounted for as other equity instruments.

Estimation uncertainty

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

Method of determining performance progress for construction contracts

The input method is adopted by the Group to determine the progress of performance of construction contracts. Specifically, the construction costs actually incurred on a cumulative basis as a percentage of estimated total costs is used to determine the progress of performance. Costs actually incurred on a cumulative basis include direct and indirect costs incurred by the Group in the course of transfer of goods to customers. The Group considers that the consideration of construction contracts signed with customers is determined based on construction costs. The construction costs actually incurred on a cumulative basis as a percentage of estimated total costs can practically reflect the progress of performance of the construction service. As the period of validity of construction contracts is relatively long and may span over a number of accounting periods, the Group shall review and revise budget as the duration of the construction contracts continues, and adjust the performance progress accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimation uncertainty (continued)

Impairment of financial instruments and contract assets

The Group uses ECL model to assess the impairment of financial instruments and contract assets. The application of ECL model requires significant judgments and estimates, and requires consideration for all reasonable and proofed information, including forward-looking information. When making these judgments and estimates, the Group infers expected changes in debtors' credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industrial risks and other factors. Different estimates may affect the accrual of provision for impairment. The accrued provision for impairment may not be equal to the actual amount of impairment losses in the future.

Impairment of inventories

The Group makes provision for inventory fall in price for obsolete and slow-moving inventories. These estimates are made with reference to the inventory age analysis, the expected future sales of the goods, and the experience and judgment of the management. When the cost of inventory is lower than the net realizable value, provision for inventory depreciation is made. When market conditions change, the actual sales of goods may differ from the current estimates, and the difference will affect the current profit and loss.

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

The estimated useful lives of property, plant and equipment are estimated based on the actual useful lives of property, plant and equipment of similar nature and functions in the past, and based on historical experience. If the useful lives of these property, plant and equipment are shortened, the Group will increase the depreciation rate and eliminate idle or technically obsolete property, plant and equipment.

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

Useful lives of items of intangible assets

The useful lives of intangible assets are determined by estimating the periods economic benefits generated by using these assets. The Group reviews at the end of each reporting period based on changes in circumstances and will adjust when needed.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimation uncertainty (continued)

Current income tax and deferred income tax

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

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

Warranty provision

For a combination of contracts with similar characteristics, considering all relevant information such as product improvements and market changes, the Group makes estimates the warranty rates based on historical warranty data, current warranty conditions. The Group re-evaluates the warranty rate at the end of each reporting period and recognises the provision for product warranties based on the re-evaluated warranty rate.

Impairment of non-financial assets

Goodwill and development costs capitalised are tested for impairment at least on an annual basis. Besides, the Group assesses whether there are any indicators of impairment for other non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. An impairment exists when the carrying value of a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When determining the fair value using income approach or when the value in use calculations are undertaken, management must estimate the expected revenue growth rate, gross margin rate and other assumptions related to the expected future cash flows from the cash-generating units, and choose a suitable discount rate in order to calculate the present value of those cash flows.

6. OPERATING SEGMENT INFORMATION

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

(a) the wind turbine generator manufacturing and sale segment engages in the research and development, manufacture and sale of wind turbine generators and wind power components;

(b) the wind power services segment provides wind power related consultancy, wind farm construction and maintenance services;

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

(d) the others segment mainly engages in the operation of water treatment plants under the service concession arrangements and finance leasing services.

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

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

6. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2020

	Wind turbine generator manufacturing RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 7):						
Revenue from external customers	46,658,568	4,433,703	4,018,720	1,034,836	–	56,145,827
Intersegment sales	5,231,417	1,184,429	377	227,410	(6,643,633)	–
Total revenue	51,889,985	5,618,132	4,019,097	1,262,246	(6,643,633)	56,145,827
Segment results	1,293,302	(787,102)	2,713,922	630,705	(23,845)	3,826,982
Interest income	487,876	6,829	103,002	240,764	(510,908)	327,563
Finance costs	(212,189)	(103)	(931,677)	(171,896)	434,860	(881,005)
Profit before tax	1,568,989	(780,376)	1,885,247	699,573	(99,893)	3,273,540
Segment assets	90,658,206	7,110,434	51,143,533	27,058,640	(66,832,632)	109,138,181
Segment liabilities	57,673,808	4,878,992	37,050,014	18,213,989	(43,651,912)	74,164,891
Other segment information:						
Share of profits and losses of:						
Joint ventures	508	–	226,250	20,916	–	247,674
Associates	(19,113)	210	(6,342)	41,726	–	16,481
Depreciation and amortisation[1]	592,384	65,889	1,298,222	65,574	(7,168)	2,014,901
Impairment of write-down of inventories, net	255,651	–	–	–	–	255,651
Impairment/(reversal of impairment) of trade and other receivables, net	64,271	63,445	9,360	18,079	(9,869)	145,286
Impairment of contract assets, net	(32)	419	25	–	–	412
Impairment/(reversal of impairment) of other non-current financial assets, net	(16)	–	635	–	(825)	(206)
Impairment/(reversal of impairment) of financial receivables, net	–	–	(794)	3,993	856	4,055
Impairment of property, plant and equipment	–	–	133,546	–	17,986	151,532
Impairment of goodwill	18,110	–	–	–	–	18,110
Product warranty provision	2,161,566	–	–	–	59,399	2,220,965
Investments in joint ventures	3,319	–	4,605,806	260,221	(62,037)	4,807,309
Investments in associates	481,601	10,185	538,896	573,128	(8,613)	1,595,197
Capital expenditure [2]	1,023,513	816,868	9,366,318	358,197	(1,194,426)	10,370,470

6. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2019

	Wind turbine generator manufacturing RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 7):						
Revenue from external customers	28,856,924	3,571,357	4,257,234	1,192,690	–	37,878,205
Intersegment sales	4,331,853	1,015,388	6,968	170,038	(5,524,247)	–
Total revenue	33,188,777	4,586,745	4,264,202	1,362,728	(5,524,247)	37,878,205
Segment results	169,768	30,880	2,628,119	729,550	(115,706)	3,442,611
Interest income	447,269	7,104	(19,137)	154,135	(361,557)	227,814
Finance costs	(359,299)	(4,206)	(909,731)	(149,341)	313,258	(1,109,319)
Profit before tax	257,738	33,778	1,699,251	734,344	(164,005)	2,561,106
Segment assets	69,515,510	3,963,311	56,669,364	22,354,118	(49,445,219)	103,057,084
Segment liabilities	43,043,883	2,437,233	42,507,694	14,851,892	(32,007,867)	70,832,835
Other segment information:						
Share of profits and losses of:						
Joint ventures	297	–	286,106	62,032	–	348,435
Associates	9,098	(3,209)	5,523	1,358	–	12,770
Depreciation and amortisation(1)	328,955	38,253	1,315,984	95,389	(128,214)	1,650,367
Impairment of write– down of inventories, net	26,214	–	–	–	–	26,214
Impairment/(reversal of impairment) of trade and other receivables, net	(22,736)	(4,360)	3,008	79,556	(77,099)	(21,631)
Impairment of contract assets, net	694	3,198	–	–	–	3,892
Impairment/(reversal of impairment) of other non– current financial assets, net	(34)	–	24	–	–	(10)
Impairment/(reversal of impairment) of financial receivables, net	–	–	–	(6,691)	–	(6,691)
Impairment of property, plant and equipment	–	–	3,873	–	–	3,873
Impairment of other intangible assets	–	–	117,241	–	–	117,241
Impairment of assets reclassified as held for sale	–	–	11,391	–	–	11,391
Impairment of goodwill	–	–	8,479	–	–	8,479
Product warranty provision	1,530,893	–	–	–	(6,362)	1,524,531
Investments in joint ventures	2,802	–	2,764,288	309,644	(62,038)	3,014,696
Investments in associates	185,188	9,975	730,319	559,502	(8,559)	1,476,425
Capital expenditure (2)	716,801	272,506	11,864,858	154,175	29,186	13,037,526

(1) Depreciation and amortisation mainly consists of depreciation and amortisation of property, plant and equipment, other intangible assets, investment properties, leasehold improvement and right-of-use assets.

(2) 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.

6. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
China	**51,551,335**	34,458,015
Overseas	**4,594,492**	3,420,190
	56,145,827	37,878,205

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

(b) Non-current assets

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
China	**43,718,712**	32,428,105
United States of America	**111,585**	1,746,311
Australia	**4,437,087**	3,017,188
Argentina	**4,048,846**	4,074,013
Panama	**–**	661,061
Germany	**398,168**	501,071
Other countries	**10,063**	83,091
	52,724,461	42,510,840

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

Information about major customers

The Group did not have any single customer contributing for 10% or more of the total sales of the Group for 2020 and 2019.

7. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue from contracts with customers	**55,837,250**	37,532,344
Revenue from other sources		
Finance lease service	**308,577**	345,861
	56,145,827	37,878,205

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

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	46,658,568	–	–	–	46,658,568
Wind power generation	–	4,018,720	–	–	4,018,720
Wind power services	–	–	4,433,703	–	4,433,703
Others	–	–	–	726,259	726,259
Total revenue from contracts with customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250
Geographical markets					
China	44,214,710	3,701,637	2,600,152	726,259	51,242,758
Other countries	2,443,858	317,083	1,833,551	–	4,594,492
Total revenue from contracts with customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250
Timing of revenue recognition					
Goods transferred at a point in time	46,658,568	4,018,720	–	95,434	50,772,722
Services transferred over time	–	–	4,433,703	630,825	5,064,528
Total revenue from contracts with customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250

7. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2019

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	28,856,924	–	–	–	28,856,924
Wind power generation	–	4,257,234	–	–	4,257,234
Wind power services	–	–	3,571,357	–	3,571,357
Others	–	–	–	846,829	846,829
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344
Geographical markets					
China	27,943,924	4,072,666	1,248,735	846,829	34,112,154
Other countries	913,000	184,568	2,322,622	–	3,420,190
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344
Timing of revenue recognition					
Goods transferred at a point in time	28,856,924	4,257,234	–	42,625	33,156,783
Services transferred over time	–	–	3,571,357	804,204	4,375,561
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344

7. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2020

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
Revenue from contracts with customers	**51,889,985**	**4,019,097**	**5,618,132**	**953,669**	**62,480,883**
External customers	**46,658,568**	**4,018,720**	**4,433,703**	**726,259**	**55,837,250**
Intersegment sales	**5,231,417**	**377**	**1,184,429**	**227,410**	**6,643,633**
Intersegment adjustments and eliminations	**(5,231,417)**	**(377)**	**(1,184,429)**	**(227,410)**	**(6,643,633)**
Total revenue from contracts with customers	**46,658,568**	**4,018,720**	**4,433,703**	**726,259**	**55,837,250**

For the year ended 31 December 2019

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
Revenue from contracts with customers	33,188,777	4,264,202	4,586,745	1,016,867	43,056,591
External customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344
Intersegment sales	4,331,853	6,968	1,015,388	170,038	5,524,247
Intersegment adjustments and eliminations	(4,331,853)	(6,968)	(1,015,388)	(170,038)	(5,524,247)
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344

7. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of wind turbine generators and wind power components	**4,431,989**	2,756,259
Construction services	**306,350**	135,591
Others	**88,489**	9,286
	4,826,828	2,901,136
Revenue recognised from performance obligations satisfied in previous periods:		
Construction services	**2,376,837**	2,138,519

7. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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 are standalone performance obligation, which is satisfied upon delivery of the control rights of goods.

Wind farm development

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

For revenue generated from the operation of water treatment plants under the service concession arrangements,the performance obligations of which are satisfied over time in accordance with progress of service provided.

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

7. REVENUE, OTHER INCOME AND GAINS (continued)

Other income and gains	Note	Year ended 31 December 2020 RMB'000	 2019 RMB'000
Interest income		**327,563**	227,814
Dividend income from equity investments at fair value through other comprehensive income		**3,006**	3,469
Dividend income from derecognition of equity investments at fair value through other comprehensive income		**–**	3,818
Dividend income from other non-current financial assets		**30,418**	32,853
Dividend income from equity investment at fair value through profit and loss		**8,551**	4,807
Gross rental income from investment properties and equipment		**14,728**	19,543
Government grants		**142,233**	135,724
Value-added tax ("VAT") refund		**87,519**	95,089
Insurance compensation on product warranty expenditures		**–**	201,712
Provision of technical service		**10,009**	38,149
Gain on disposal of subsidiaries		**264,860**	720,830
Gain on disposal of interests in subsidiaries	41	**463,945**	720,830
Loss previously reported in other comprehensive income		**(144,889)**	–
Loss previously reported in capital reserve		**(54,196)**	–
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	41	**775,356**	–
Gain on disposal of financial assets at fair value through profit or loss		**111,911**	–
Gain on disposal of items of property, plant and equipment and other intangible assets		**16,707**	178,182
Gain on disposal of investment properties		**18,814**	197,473
Gain on disposal of associates and joint ventures, net		**217,732**	207,253
Fair value gains/(losses), net:			
Derivative financial instruments – transactions not qualifying as hedges		**129,143**	73,681
Equity investments at fair value through profit or loss		**(119,680)**	101,097
Others		**108,369**	131,820
		2,147,239	2,373,314

8. PROFIT BEFORE TAX

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

		Year ended 31 December	
	Notes	**2020 RMB'000**	2019 RMB'000
Cost of inventories sold		**40,192,017**	25,286,433
Cost of services provided		**4,555,300**	3,347,475
Cost of wind power generation		**1,304,340**	1,610,969
Cost of others		**446,683**	669,744
		46,498,340	30,914,621
Depreciation of property, plant and equipment	15	**1,615,683**	1,318,529
Depreciation of investment properties		**793**	3,924
Depreciation of right-of-use assets	16(a)	**131,337**	113,136
Amortisation of other intangible assets	18	**211,304**	181,975
		1,959,117	1,617,564
Impairment of trade receivables	26	**204,962**	315,682
Reversal of impairment of trade receivables	26	**(142,891)**	(352,911)
		62,071	(37,229)
Impairment of other receivables	28	**98,528**	33,031
Reversal of impairment of other receivables	28	**(15,313)**	(17,433)
		83,215	15,598
Impairment of contract assets	29	**3,886**	5,440
Reversal of impairment of contract assets	29	**(3,474)**	(1,548)
		412	3,892
Impairment of other non-current financial assets	23	**–**	81
Reversal of impairment of other non-current financial assets	23	**(206)**	(91)
		(206)	(10)
Impairment of financial receivables	27	**12,466**	1,496
Reversal of impairment of financial receivables	27	**(8,411)**	(8,187)
		4,055	(6,691)

8. PROFIT BEFORE TAX (continued)

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Impairment of write-down of inventories		**255,651**	26,214
Impairment of assets classified as held for sale		**–**	11,391
Impairment of property, plant and equipment	15	**151,532**	3,873
Impairment of other intangible assets	18	**–**	117,241
Impairment of goodwill	17	**18,110**	8,479
Gain on disposal of items of property, plant and equipment and other intangible assets, net		**(10,401)**	(139,368)
Lease payments not included in the measurement of lease liabilities	16(c)	**206,232**	99,973
Auditors' remuneration		**11,158**	10,181
Employee benefit expenses (including Directors' and supervisors' remuneration):			
Wages and salaries		**1,862,100**	1,770,478
Pension scheme contributions		**144,615**	121,351
Welfare and other expenses		**359,043**	333,506
		2,365,758	2,225,335
Research and development costs:			
Staff costs		**615,366**	577,300
Amortisation and depreciation		**134,778**	87,613
Materials expenditure and others		**727,959**	281,241
		1,478,103	946,154
Product warranty provision:			
Additional provision	35	**2,672,606**	1,937,836
Reversal of unutilised provision	35	**(451,641)**	(413,305)
		2,220,965	1,524,531
Delayed operation expenses (Note)	43	**382,313**	–

Note:

During the year, as a result of the delay in the commercial operation date as agreed in the power purchase agreements signed with the local power grid companies, certain subsidiaries of the Group undertook the delayed operation expenses amounting to RMB382,313,000 to local power grid companies. Further details are disclosed in Note 43.

9. OTHER EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Rental cost	**2,639**	6,340
Bank charges	**128,276**	156,688
Asset impairment provision	**169,642**	140,984
Foreign exchange loss, net	**254,154**	159,170
Loss on disposal of non-current assets	**789**	4,610
Penalty expenses	**5,501**	14,421
Loss on damage and retirement of non-current assets	**832**	34,204
Public welfare donations	**6,067**	16,587
Other	**50,301**	78,447
	618,201	611,451

10. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest on bank loans and other borrowings	**966,495**	1,123,565
Interest on lease liabilities	**79,997**	26,483
Less: Interest capitalised	**(165,487)**	(40,729)
	881,005	1,109,319

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors and supervisors' remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Fees	**600**	608
Other emoluments:		
– Salaries, allowances and benefits in kind	**6,580**	8,384
– Performance related bonuses	**12,046**	5,449
– Pension scheme contributions	**134**	217
	19,360	14,658

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors and supervisors' remuneration (continued)

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

Year ended 31 December 2020

	Notes	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors						
Wu Gang		–	1,467	3,581	26	5,074
Cao Zhigang (the chief executive)		–	1,835	4,170	39	6,044
Wang Haibo		–	1,725	3,435	4	5,164
		–	5,027	11,186	69	16,282
Non-executive directors						
Lu Hailin		–	–	–	–	–
Gao Jianjun		–	–	–	–	–
Gu Hongmei	(i)	–	–	–	–	–
Dong Zhenyu	(ii)	–	–	–	–	–
		–	–	–	–	–
Independent non-executive directors						
Tin Yau Kelvin Wong		200	–	–	–	200
Wei wei		200	–	–	–	200
Yang Jianping		200	–	–	–	200
		600	–	–	–	600
Supervisors						
Han Zongwei		–	–	–	–	–
Luo Jun		–	–	–	–	–
Xiao Hong		–	–	–	–	–
Lu Min		–	791	414	39	1,244
Ji Tian		–	762	446	26	1,234
		–	1,553	860	65	2,478
		600	6,580	12,046	134	19,360

(i) Gu Hongmei resigned as a non-executive director of the Company with effect from 8 June 2020.

(ii) Dong Zhenyu was appointed as a non-executive director of the Company with effect from 17 October 2020.

11. DIRECTORS’ AND SUPERVISORS’ REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors and supervisors’ remuneration (continued)

Year ended 31 December 2019

	Notes	Fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Performance related bonuses RMB’000	Pension scheme contributions RMB’000	Total remuneration RMB’000
Executive directors						
Wu Gang		–	2,469	1,465	33	3,967
Cao Zhigang (the chief executive)	(i)	–	2,217	1,633	50	3,900
Wang Haibo		–	2,253	1,761	51	4,065
		–	6,939	4,859	134	11,932
Non-executive directors						
Zhao Guoqing	(ii)	–	–	–	–	–
Lu Hailin	(iii)	–	–	–	–	–
Gao Jianjun		–	–	–	–	–
Gu Hongmei		–	–	–	–	–
		–	–	–	–	–
Independent non-executive directors						
Tin Yau Kelvin Wong		200	–	–	–	200
Wei Wei	(iv)	104	–	–	–	104
Yang Jianping	(v)	104	–	–	–	104
Yang Xiaosheng	(vi)	100	–	–	–	100
Luo Zhenbang	(vii)	100	–	–	–	100
		608	–	–	–	608
Supervisors						
Lu Min		–	738	264	50	1,052
Ji Tian		–	707	326	33	1,066
Wang Mengqiu	(viii)	–	–	–	–	–
Han Zongwei	(ix)	–	–	–	–	–
Luo Jun		–	–	–	–	–
Xiao Hong		–	–	–	–	–
		–	1,445	590	83	2,118
		608	8,384	5,449	217	14,658

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors and supervisors' remuneration (continued)

(i) Cao Zhigang was appointed as the chief executive of the Company with effect from 11 July 2019.

(ii) Zhao Guoqing resigned as a non-executive director of the Company with effect from 21 June 2019.

(iii) Lu Hailin was appointed as a non-executive director of the Company with effect from 22 June 2019.

(iv) Wei Wei was appointed as an independent non-executive director of the Company with effect from 22 June 2019.

(v) Yang Jianping was appointed as an independent non-executive director of the Company with effect from 22 June 2019.

(vi) Yang Xiaosheng resigned as an independent non-executive director of the Company with effect from 21 June 2019.

(vii) Luo Zhenbang resigned as an independent non-executive director of the Company with effect from 21 June 2019.

(viii) Wang Mengqiu resigned as a supervisor of the Company with effect from 21 June 2019.

(ix) Han Zongwei was appointed as a supervisor of the Company with effect from 22 June 2019.

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid employees

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

	2020	2019
Directors	**3**	3
Non-director, non-supervisor and non-chief executive employees	**2**	2
	5	5

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

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Salaries, allowances and benefits in kind	**4,401**	4,917
Performance related bonuses	**6,561**	3,546
Pension scheme contributions	**77**	50
	11,039	8,513

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

	2020	2019
HK$4,000,000 to HK$4,500,000	**–**	1
HK$5,500,000 to HK$6,000,000	**–**	1
HK$6,000,000 to HK$6,500,000	**1**	–
HK$6,500,000 to HK$7,000,000	**1**	–

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

12. INCOME TAX EXPENSE

The Company and eight subsidiaries of the Company (2019: the Company and six 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 years ended 31 December 2020 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 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.

During the period from 1 January 2019 to 31 December 2021, for certain subsidiaries of the Company in China which are small and micro-sized enterprises, the following Tax policy applies: For annual income amount of RMB1 million or below, the taxable income amount should be computed at 25% of the annual income and subject to a tax rate of 20%. For annual income amount of over RMB1 million but does not exceed RMB3 million, the taxable income amount should be computed at 50% of the annual income and subject to a tax rate of 20%.

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 ranging from 10% to 30 % (2019: 10% to 34%).

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong, China during the year.

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.

		Year ended 31 December	
	Note	**2020** **RMB'000**	2019 RMB'000
Current			
– China		**814,178**	399,647
– Elsewhere		**25,405**	15,685
		839,583	415,332
Deferred	24	**(531,519)**	(83,979)
Tax charge for the year		**308,064**	331,353

12. INCOME TAX EXPENSE (continued)

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:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before tax	**3,273,540**	2,561,106
Tax at the statutory tax rate of 25%	**818,385**	640,277
Effect of different income tax rates for overseas entities	**15,023**	8,858
Effect of the preferential income tax rates for domestic entities	**(441,901)**	(390,908)
Effect of income tax rate change	**16,531**	–
Tax losses not recognised	**128,765**	86,440
Tax losses utilised from previous periods	**(39,099)**	(73,118)
Effect of not recognised deferred tax assets due to asset impairment	**39,267**	6,068
Income not subject to tax	**(2,889)**	(2,650)
Expenses not deductible for tax	**29,604**	52,857
Additional tax deduction for research and development expenditure	**(95,637)**	(83,142)
Profits attributable to joint ventures	**(61,919)**	(87,109)
Profits attributable to associates	**(4,120)**	(3,193)
Dividends subject to PRC corporate income tax from an overseas subsidiary	**–**	122,671
Gain on remeasurement of the previously held interest in acquirees on the disposal date in disposal of subsidiaries	**(193,839)**	–
Others	**99,893**	54,302
Tax charge for the year at the effective rate of 9.4% (2019: 12.9%)	**308,064**	331,353

13. DIVIDENDS

For the year ended 31 December 2020, the board of Directors proposed to distribute cash dividends of RMB2.5 (tax included) per each 10 shares with total amount of RMB1,056,267,000 to the shareholders. The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The proposed final cash dividends of RMB1.60 (tax included) per each 10 shares, which amounted to RMB676,011,000 of cash dividends for the year ended 31 December 2019, were approved by the Company's shareholders on 23 June 2020.

14. 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 years ended 31 December 2020 and 2019.

The calculation of basic earnings per share is based on:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	**2,963,514**	2,209,854
Less: Distribution relating to the medium-term notes (i)	**(119,044)**	(101,000)
Profit used to determine basic earnings per share	**2,844,470**	2,108,854
Weighted average number of ordinary shares in issue ('000) (ii)	**4,225,068**	4,118,701
Basic earnings per share (expressed in RMB per share)	**0.67**	0.51

(i) The long-term option-embedded medium-term notes (the "Perpetual Medium-term Notes") issued by the Company in May 2016, September 2016,December 2018 and August 2020 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The interest from the Perpetual Medium-term Notes which has been generated but not yet declared, during the year of 2020 and 2019, was deducted from earnings when calculating the earnings per share for the years ended 31 December 2020 and 31 December 2019.

(ii) The Company completed the A Share and H Share Rights Issues through the Shenzhen Stock Exchange and the Hong Kong Stock Exchange on 27 March 2019 and 23 April 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 December 2020					
	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 2020	1,334,764	21,699,657	114,417	677,728	9,655,626	33,482,192
Additions	46,083	811,529	4,606	41,839	7,218,782	8,122,839
Disposals	(13,305)	(196,419)	(28,435)	(37,329)	–	(275,488)
Acquisition of subsidiaries (note 40)	–	277,657	402	451	296,443	574,953
Disposals of subsidiaries (note 41)	–	(2,187,579)	–	–	(2,025)	(2,189,604)
Transfers	162,130	3,651,523	–	2,175	(3,815,828)	–
Transfer to right-of-use assets (note 16)	–	–	–	–	(320,925)	(320,925)
Unrealised gains realized for the year	–	(104,755)	–	–	–	(104,755)
Exchange realignment	3,263	(420,996)	527	5,006	(52,750)	(464,950)
At 31 December 2020	1,532,935	23,530,617	91,517	689,870	12,979,323	38,824,262
Accumulated depreciation and impairment:						
At 1 January 2020	(237,897)	(3,776,447)	(58,056)	(357,180)	(42,240)	(4,471,820)
Depreciation provided during the year (note 8)	(55,369)	(1,473,072)	(7,605)	(79,637)	–	(1,615,683)
Disposals	4,706	61,680	14,840	31,824	–	113,050
Disposals of subsidiaries (note 41)	–	331,275	–	–	–	331,275
Depreciation from unrealised gains	–	92,387	–	–	–	92,387
Impairment (note 8)	–	(73,259)	–	–	(78,273)	(151,532)
Exchange realignment	(358)	259,121	31	(298)	–	258,496
At 31 December 2020	(288,918)	(4,578,315)	(50,790)	(405,291)	(120,513)	(5,443,827)
Net carrying amount:						
At 31 December 2020	1,244,017	18,952,302	40,727	284,579	12,858,810	33,380,435
At 1 January 2020	1,096,867	17,923,210	56,361	320,548	9,613,386	29,010,372

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Year ended 31 December 2019					
	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 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	26,175	261,603	7,457	85,763	11,914,673	12,295,671
Disposals	(67,322)	(235,415)	(10,546)	(56,747)	(1,498)	(371,528)
Acquisition of subsidiaries	–	–	–	–	197	197
Disposals of subsidiaries	–	(1,762,608)	(242)	(1,139)	(13,677)	(1,777,666)
Transfers	125,853	4,265,720	–	6,380	(4,397,953)	–
Transfer to right-of-use assets (note 16)	–	–	–	–	(16,112)	(16,112)
Transfer to other intangible assets (note 18)	–	–	–	–	(3,940)	(3,940)
Transfer to assets classified as held for sale	(20,055)	(1,919,336)	–	(1,837)	(3,444,380)	(5,385,608)
Unrealised gains realised for the year	–	(283,539)	–	–	–	(283,539)
Exchange realignment	(2,993)	(11,127)	1,542	(2,052)	5,520	(9,110)
At 31 December 2019	1,334,764	21,699,657	114,417	677,728	9,655,626	33,482,192
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 year (note 8)	(41,186)	(1,171,445)	(11,614)	(94,284)	–	(1,318,529)
Disposals	21,497	86,029	6,526	26,586	44	140,682
Disposals of subsidiaries	–	212,900	81	496	–	213,477
Transfer to assets classified as held for sale	13	309,722	–	830	–	310,565
Depreciation from unrealised gains	–	24,460	–	–	–	24,460
Impairment (note 8)	–	–	–	–	(3,873)	(3,873)
Exchange realignment	(8,101)	(3,685)	(26)	112	–	(11,700)
At 31 December 2019	(237,897)	(3,776,447)	(58,056)	(357,180)	(42,240)	(4,471,820)
Net carrying amount:						
At 31 December 2019	1,096,867	17,923,210	56,361	320,548	9,613,386	29,010,372
At 31 December 2018	1,062,986	18,309,426	63,183	356,440	5,716,695	25,508,730

The net carrying amount of construction in progress of the Group included capitalised interest of approximately RMB82,334,000 (2019: RMB40,729,000) charged for the year 2020 prior to being transferred to buildings, machinery, vehicles and electronic equipment.

As at 31 December 2020, certain of the Group's property, plant and equipment, with a net carrying amount of approximately RMB12,920,742,000 (31 December 2019: RMB9,204,317,000), were pledged to secure certain of the Group's bank loans (Note 34).

As at 31 December 2020, certain of the Group's property, plant and equipment, with a net carrying amount of approximately Nil (31 December 2019: RMB1,481,875,000), were pledged to secure the Group's power price swap contract (Note 33).

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of land, buildings, machinery, motor vehicles, electronic equipment and other equipment used in its operations. Land leased from owners generally has lease terms from 10 to 50 years. The lease term of buildings is between 2 and 25 years. Leases of machinery, electronic equipment and other equipment generally have lease terms between 2 and 10 years, while motor vehicles generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Year ended 31 December 2020					
	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery RMB'000	Motor Vehicles RMB'000	Electronic and other equipment RMB'000	Total RMB'000
Cost:						
At 1 January 2020	659,548	213,176	414,047	14,490	5,542	1,306,803
Additions	379,571	8,763	523,603	–	23,092	935,029
Acquisition of a subsidiary (note 40)	–	–	472,173	–	–	472,173
Disposals of subsidiaries (note 41)	(93,578)	(14,414)	–	–	–	(107,992)
Transfer from construction in progress (note 15)	–	18,646	302,279	–	–	320,925
Others	–	–	–	(692)	–	(692)
Exchange realignment	(31,945)	(14,534)	–	–	–	(46,479)
At 31 December 2020	913,596	211,637	1,712,102	13,798	28,634	2,879,767
Depreciation charge:						
At 1 January 2020	(87,927)	(27,070)	(13,436)	(6,863)	(2,002)	(137,298)
Depreciation provided during the year (note 8)	(29,200)	(67,651)	(29,446)	(3,125)	(1,915)	(131,337)
Disposals of subsidiaries (note 41)	4,901	718	–	–	–	5,619
Others	–	–	–	210	–	210
Exchange realignment	(1,669)	(482)	–	–	–	(2,151)
At 31 December 2020	(113,895)	(94,485)	(42,882)	(9,778)	(3,917)	(264,957)
Net carrying amount:						
At 31 December 2020	799,701	117,152	1,669,220	4,020	24,717	2,614,810
At 1 January 2020	571,621	186,106	400,611	7,627	3,540	1,169,505

16. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

	Year ended 31 December 2019					
	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery RMB'000	Motor Vehicles RMB'000	Electronic and other equipment RMB'000	Total RMB'000
Cost:						
As at 1 January 2019	803,178	147,314	203,751	3,312	563	1,158,118
Additions	99,359	63,926	210,296	11,178	4,979	389,738
Disposals	(10,571)	–	–	–	–	(10,571)
Disposals of subsidiaries	(8,905)	–	–	–	–	(8,905)
Transfer from construction in progress (note 15)	16,112	–	–	–	–	16,112
Transfer to assets of disposal groups classified as held for sale	(246,959)	–	–	–	–	(246,959)
Exchange realignment	7,334	1,936	–	–	–	9,270
At 31 December 2019	659,548	213,176	414,047	14,490	5,542	1,306,803
Depreciation charge:						
As at 1 January 2019	(38,537)	–	(641)	–	–	(39,178)
Depreciation provided during the year (note 8)	(64,514)	(26,962)	(12,795)	(6,863)	(2,002)	(113,136)
Disposals	2,909	–	–	–	–	2,909
Disposals of subsidiaries	339	–	–	–	–	339
Transfer to assets of disposal groups classified as held for sale	12,061	–	–	–	–	12,061
Exchange realignment	(185)	(108)	–	–	–	(293)
At 31 December 2019	(87,927)	(27,070)	(13,436)	(6,863)	(2,002)	(137,298)
Net carrying amount:						
At 31 December 2019	571,621	186,106	400,611	7,627	3,540	1,169,505
At 1 January 2019	764,641	147,314	203,110	3,312	563	1,118,940

As at 31 December 2020, certain of the Group's right-of-use assets, with the aggregate carrying amount of approximately Nil (2019: RMB66,463,000), were pledged to secure power price swap contract.

As at 31 December 2020, certain of the Group's right-of-use assets, with a net carrying amount of approximately RMB160,260,000 (2019: RMB146,198,000), were pledged to secure certain of the Group's bank loans (note 34).

16. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Notes	**Year ended 31 December 2020 Lease liabilities RMB'000**	Year ended 31 December 2019 Lease liabilities RMB'000
Carrying amount at 1 January		**779,626**	796,282
New leases		**1,035,361**	242,001
Accretion of interest recognised during the year		**79,997**	26,483
Transfer to liabilities of disposal groups classified as held for sale		**–**	(229,817)
Acquisition of a subsidiary	40	**472,173**	–
Disposal of subsidiaries	41	**(101,587)**	–
Payments		**(144,929)**	(60,119)
Exchange realignment		**(2,333)**	4,796
Carrying amount at 31 December		**2,118,308**	779,626
Analysed into:			
Current portion	34	**213,783**	78,020
Non-current portion	34	**1,904,525**	701,606

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Interest on lease liabilities	**79,997**	17,909
Depreciation charge of right-of-use assets	**131,337**	113,136
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in cost of sales)	**206,232**	99,254
Expense relating to leases of low-value assets (included in administrative expenses)	**–**	719
Total amount recognised in profit or loss	**417,566**	231,018

17. GOODWILL

	Notes	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Cost and net carrying amount at beginning of year		**470,160**	487,749
Disposal of subsidiaries	41	**(103,488)**	(7,678)
Decrease on dissolving of a subsidiary		**(7,647)**	(3,839)
Impairment of goodwill	8	**(18,110)**	(8,479)
Exchange realignment		**13,870**	2,407
Cost and net carrying amount at end of year		**354,785**	470,160

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

	Note	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
At beginning of year		**20,577**	11,998
Impairment losses recognised	8	**18,110**	8,479
Decrease on dissolving of a subsidiary		**(7,647)**	–
Exchange realignment		**(137)**	100
At end of year		**30,903**	20,577

17. GOODWILL (continued)

Impairment testing of goodwill

The recoverable amount of Vensys Energy AG has been determined based on a value in use calculation using cash flow projections based on a financial budget covering a three-year period approved by senior management. The discount rate applied to the cash flow projections is 14.50% (2019: 11.84%). The growth rate used to extrapolate the cash flow of Vensys Energy AG beyond the three-year period is 2% (2019: 2%). Based on the result of the impairment testing of goodwill , the Group recognize impairment losses of RMB18,110,000 this year.

The recoverable amounts of Moorabool South Wind Farm Pty Ltd, Moorabool Wind Farm Pty Ltd and TianRun Uilk, LLC have been determined by the net amount of fair value minus disposal costs. Other subsidiaries units engaged in wind farm development have been determined based on a value in use calculation using cash flow projections based on installed capacity of wind farms and applicable tariff rates. The discount rates applied to the cash flow projections are from 9.87% to 16.82% (2019: 7.81% to 13.69%).

Except for above mentioned, the recoverable amounts of other subsidiaries have been determined based on a value in use calculation using cash flow projections or by the net amount of fair value minus disposal costs. The discount rates applied to the cash flow projections are 9.75% to 9.87% (2019: 9.09%).

Assumptions were used in the value in use calculation of relevant units for 31 December 2020 and 2019. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

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

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and the discount rates are consistent with external information sources.

18. OTHER INTANGIBLE ASSETS

	Year ended 31 December 2020						
	Technology licences RMB'000	Office software RMB'000	Patents and technology know-how RMB'000	Development costs RMB'000	Water treatment operating concession RMB'000 Note (i)	Wind farm development and operating permit RMB'000	Total RMB'000
Cost:							
At 1 January 2020	19,023	350,477	838,062	645,139	2,063,987	680,356	4,597,044
Additions	–	37,506	913	792,839	3,752	16,092	851,102
Acquisition of subsidiaries (note 40)	–	–	12,399	–	41,104	164,905	218,408
Disposals	–	(11,845)	(61,153)	–	–	–	(72,998)
Disposals of subsidiaries (note 41)	–	–	–	–	–	(42,907)	(42,907)
Transfer	–	42,801	716,653	(759,454)	–	–	–
Exchange realignment	–	(795)	(65,351)	–	3,463	(36,013)	(98,696)
At 31 December 2020	19,023	418,144	1,441,523	678,524	2,112,306	782,433	5,451,953
Accumulated amortisation and impairment:							
At 1 January 2020	(19,023)	(116,092)	(421,029)	–	(256,046)	(122,893)	(935,083)
Amortisation provided during the year (note 8)	–	(52,857)	(65,387)	–	(83,900)	(9,160)	(211,304)
Disposals	–	2,068	12,813	–	–	–	14,881
Disposals of subsidiaries (note 41)	–	–	–	–	–	3,933	3,933
Exchange realignment	–	720	41,076	–	(204)	8,072	49,664
At 31 December 2020	(19,023)	(166,161)	(432,527)	–	(340,150)	(120,048)	(1,077,909)
Net carrying amount:							
At 31 December 2020	–	251,983	1,008,996	678,524	1,772,156	662,385	4,374,044
At 1 January 2020	–	234,385	417,033	645,139	1,807,941	557,463	3,661,961

18. OTHER INTANGIBLE ASSETS (continued)

	Year ended 31 December 2019						
	Technology licences RMB'000	Office software RMB'000	Patents and technology know-how RMB'000	Development costs RMB'000	Water treatment operating concession RMB'000 Note (i)	Wind farm development and operating permit RMB'000	Total RMB'000
Cost:							
At 1 January 2019	19,023	270,347	617,044	462,694	1,868,881	880,087	4,118,076
Additions	–	35,815	–	450,578	194,952	26,674	708,019
Acquisition of subsidiaries	–	–	–	–	–	62,919	62,919
Disposals	–	(8,093)	–	–	–	(13,604)	(21,697)
Transfer	–	48,821	219,312	(268,133)	–	–	–
Transfer from property, plant and equipment (note 15)	–	3,940	–	–	–	–	3,940
Transferred to assets of a disposal group classified as held for sale	–	(412)	–	–	–	(289,105)	(289,517)
Exchange realignment	–	59	1,706	–	154	13,385	15,304
At 31 December 2019	19,023	350,477	838,062	645,139	2,063,987	680,356	4,597,044
Accumulated amortisation and impairment:							
At 1 January 2019	(18,154)	(89,963)	(387,286)	–	(145,558)	–	(640,961)
Amortisation provided during the year (note 8)	(869)	(32,260)	(34,098)	–	(110,487)	(4,261)	(181,975)
Impairment during the year (note 8)	–	–	–	–	–	(117,241)	(117,241)
Disposals	–	6,145	–	–	–	–	6,145
Transferred to assets of a disposal group classified as held for sale	–	7	–	–	–	–	7
Exchange realignment	–	(21)	355	–	(1)	(1,391)	(1,058)
At 31 December 2019	(19,023)	(116,092)	(421,029)	–	(256,046)	(122,893)	(935,083)
Net carrying amount:							
At 31 December 2019	–	234,385	417,033	645,139	1,807,941	557,463	3,661,961
At 1 January 2019	869	180,384	229,758	462,694	1,723,323	880,087	3,477,115

Note (i): The arrangements involve the Group as an operator operating and maintaining the infrastructure (a water treatment plant) at a specified level of serviceability for a period of 25 to 30 years (the "service concession period") and transferring the infrastructure with nil consideration at the end of the service concession period.

19. INVESTMENTS IN JOINT VENTURES

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Share of net assets	**4,747,836**	2,955,223
Goodwill on acquisition	**59,473**	59,473
	4,807,309	3,014,696
Provision for impairment	**–**	–
	4,807,309	3,014,696

The Group's balances of trade and bills receivables, prepayments, other receivables and other assets, trade and bills payables and other payables and accruals with the joint ventures are disclosed in notes 26, 28, 31 and 32 to the financial statements, respectively.

Movements in the provision for impairment of investments in joint ventures are as follows:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
At beginning of year	**–**	7,037
Impairment written off	**–**	(7,037)
Exchange realignment	**–**	–
At end of year	**–**	–

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

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Share of the joint ventures' profit for the year	**247,674**	348,435
Share of the joint ventures' other comprehensive income	**(32,232)**	–
Share of the joint ventures' total comprehensive income	**215,442**	348,435

19. INVESTMENTS IN JOINT VENTURES (continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Aggregate carrying amount of the Group's investments in the joint ventures	**4,807,309**	3,014,696

20. INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Share of net assets	**1,577,755**	1,458,983
Goodwill on acquisition	**17,442**	17,442
	1,595,197	1,476,425

The Group's balances of trade and bills receivables, prepayments, other receivables and other assets, trade and bills payables and other payables and accruals with the associates are disclosed in notes 26, 28, 31 and 32 to the financial statements, respectively.

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Share of the associates' profit for the year	**16,481**	12,770
Share of the associates' other comprehensive income	**(986)**	(8,852)
Other changes of a investment in associate (i)	**(23,517)**	–
Share of the associates' total comprehensive income	**(8,022)**	3,918

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Aggregate carrying amount of the Group's investments in the associates	**1,595,197**	1,476,425

20. INVESTMENTS IN ASSOCIATES (continued)

Note (i): On December 31, 2019, the Company and its wholly-owned subsidiary Jinfeng Investment Holding Co., Ltd. (the "Jinfeng Investment") held 8.85% and 4.43% shares of Guokai New Energy Technology Co., Ltd. (the "Guokai New Energy") respectively. In August 2020, The Guokai New Energy reversely acquired Tianjin Quanyechang (Group) Co., Ltd. (the "Quanyechang"), a listed shell company of A-share, which changed the Guokai New Energy into a wholly-owned subsidiary of the Quanyechang. After the transaction, the Company and the Jinfeng Investment held 6.14% and 3.07% of the shares of the Quanyechang respectively, in which one director was appointed. The Group believes that it still has a significant impact on the Quanyechang, and the equity investment of the Quanyechang is accounted as a investment in associate.

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value		
SKYCATCH INC	**50,111**	55,670
ZPARK CAPITAL II, L.P. (i)	**84,198**	58,859
Nanjing Turbine & Electric Machinery (Group) Co., Ltd.	**47,995**	27,050
State Power Investment Group Xiangshui New Energy Co., Ltd.	**25,600**	17,700
Guoshui Investment Group Xi'an Wind Power Equipment Co., Ltd. (i)	**31,303**	17,422
Inner Mongolia Golden Ocean New Energy Technology Co., Ltd. (ii)	**–**	19,823
Tongling Wanjiang Rural Commercial Bank	**6,655**	6,066
Beijing Jiutian Weather Technology Co., Ltd.	**3,317**	5,696
Nanjing Xinda Meteorological Science and Technology Co., Ltd.	**–**	1,500
	249,179	209,786

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

(i) During the year ended 31 December 2020, the Group received dividends in the amounts of RMB1,258,000 (2019: RMB1,258,000) and RMB1,748,000 (2019: RMB1,495,000) from Guoshui Investment Group Xi'an Wind Power Equipment Co.,Ltd.,and ZPARK CAPITAL II, L.P.

(ii) In March 2020, the Group disposed of 3.38% of the shares of Inner Mongolia Jinhai New Energy Technology Co., Ltd., and the disposal consideration was RMB25,014,000, and the total accumulated profits of RMB19,413,000 were transferred from other comprehensive income to retained earnings.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Listed equity investments, at fair value	**354,150**	209,220
Unlisted equity investments, at fair value	**237,330**	578,137
Investment in Limited Partnership	**500,000**	–
Wealth management products at fair value	**500,000**	400,000
	1,591,480	1,187,357
Portion classified as non-current portion	**(1,091,480)**	(787,357)
Current portion	**500,000**	400,000

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. OTHER NON-CURRENT FINANCIAL ASSETS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Corporate bonds	**53,195**	50,338
Debt investments of an associate	**50,944**	264,328
	104,139	314,666
Provision for other non-current financial assets	**(101)**	(306)
	104,038	314,360
Portion classified as non-current assets	**(50,893)**	(306,539)
Current portion	**53,145**	7,821

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

		Year ended 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
At beginning of the year		**306**	316
Impairment losses recognised	8	**–**	81
Impairment losses reversed	8	**(206)**	(91)
Exchange rate movement		**1**	–
At end of the year		**101**	306

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.

24. DEFERRED TAX

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

Year ended 31 December 2020

Deferred tax assets

	Notes	Provision for impairment of assets RMB'000	Tax losses RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Unrealised gains arising from intra-group sales RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/profit or loss RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020		265,509	296,721	728,892	24,363	499,778	–	49,007	1,864,270
Deferred tax credited/(charged) to profit or loss during the year	12	125,193	299,432	346,890	3,692	(87,210)	(9,239)	(31,639)	647,119
Deferred tax credited to other comprehensive income during the year		–	–	–	–	–	51,566	–	51,566
Deferred tax asset arised from acquisition of subsidiary	40	2,682	–	–	–	–	–	–	2,682
At 31 December 2020		393,384	596,153	1,075,782	28,055	412,568	42,327	17,368	2,565,637

Deferred tax liabilities

	Notes	Excess of fair values of identifiable assets over carrying values arising from acquisition of subsidiaries RMB'000	Depreciation of assets RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/profit or loss RMB'000	Service concession arrangements RMB'000	Discount of long-term payables RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020		463,543	21,837	128,193	150,728	51,277	132,159	947,737
Deferred tax charged/(credited) to profit or loss during the year	12	12,130	4,139	(52,490)	26,959	4,624	120,238	115,600
Deferred tax charged to other comprehensive income during the year		–	–	34,860	–	–	–	34,860
Deferred tax liability arised from acquisition of subsidiaries	40	42,694	–	–	–	–	–	42,694
Deferred tax liability decrease upon disposal of subsidiary	41	–	(23,463)	–	–	–	–	(23,463)
Exchange realignment		(42,694)	–	–	–	–	61,164	18,470
At 31 December 2020		475,673	2,513	110,563	177,687	55,901	313,561	1,135,898

As at 31 December 2020, the offset amount of deferred tax assets and deferred tax liabilities of the Group was RMB320,858,000.

24. DEFERRED TAX (continued)

Year ended 31 December 2019

Deferred tax assets

	Note	Provision for impairment of assets RMB'000	Tax losses RMB'000	Provisions and accruals RMB'000	Government grants received not yet recognised as income RMB'000	Unrealised gains arising from intra-group sales RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/profit or loss RMB'000	Others RMB'000	Total 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	12	12,138	246,578	39,917	(3,039)	(24,523)	(1,977)	(7,559)	261,535
Deferred tax charged to other comprehensive income during the year		–	–	–	–	–	(32,259)	–	(32,259)
Deferred tax generated from assets held for sale		–	–	–	–	–	–	3	3
At 31 December 2019		265,509	296,721	728,892	24,363	499,778	–	49,007	1,864,270

Deferred tax liabilities

	Note	Excess of fair values of identifiable assets over carrying values arising from acquisition of subsidiaries RMB'000	Depreciation of assets RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/profit or loss RMB'000	Service concession arrangements RMB'000	Discount of long-term payables RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019		533,719	22,912	64,419	130,599	8,892	46,302	806,843
Deferred tax charged/(credited) to profit or loss during the year	12	(87,397)	(1,075)	49,886	20,129	42,385	153,628	177,556
Deferred tax credited to other comprehensive income during the year		–	–	13,888	–	–	–	13,888
Deferred tax generated from acquisition of subsidiaries		11,439	–	–	–	–	–	11,439
Deferred tax generated from assets held for sale		–	–	–	–	–	(42,202)	(42,202)
Exchange realignment		5,782	–	–	–	–	(25,569)	(19,787)
At 31 December 2019		463,543	21,837	128,193	150,728	51,277	132,159	947,737

24. DEFERRED TAX (continued)

The Group has tax losses arising in China of RMB259,617,000 (31 December 2019: RMB239,649,000) that will expire in one to ten years for offsetting against future taxable profits. The Group also has tax losses arising in the United States, Australia and Luxembourg of RMB774,876,000 (31 December 2019: RMB433,831,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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

25. INVENTORIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Raw materials	**1,683,268**	2,414,853
Work in progress, finished and semi-finished goods	**4,027,324**	5,696,911
Low-value consumables and others	**7,003**	12,073
	5,717,595	8,123,837

As at 31 December 2020, certain of the Group's inventories, with a net carrying amount of approximately Nil (31 December 2019: RMB437,000), were pledged to secure the Group's power price swap contract.

26. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables	**22,056,522**	16,754,636
Bills receivable	**2,161,393**	2,430,647
	24,217,915	19,185,283
Provision for impairment	**(1,241,009)**	(1,192,071)
Current portion	**22,976,906**	17,993,212

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 is 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 31 December 2020 amounting to RMB2,161,393,000 (31 December 2019: RMB2,430,647,000) as debt instruments measured at fair value through other comprehensive income, but still listed as trade and bills receivables.

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 31 December	
	2020	2019
	RMB'000	RMB'000
Within 3 months	**9,480,752**	7,306,039
3 to 6 months	**4,268,961**	2,609,695
6 months to 1 year	**3,674,685**	3,248,846
1 to 2 years	**4,096,594**	3,301,186
2 to 3 years	**985,538**	709,170
Over 3 years	**470,376**	818,276
	22,976,906	17,993,212

26. TRADE AND BILLS RECEIVABLES (continued)

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

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
At beginning of year		**1,192,071**	1,225,234
Impairment losses recognised	8	**204,962**	315,682
Impairment losses reversed	8	**(142,891)**	(352,911)
Amounts written off as uncollectible		**(7,417)**	(160)
Exchange realignment		**(5,716)**	4,226
At end of year		**1,241,009**	1,192,071

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of the balances for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

26. TRADE AND BILLS RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December 2020		
Collectively impaired	**Expected credit loss rate**	**Gross carrying amount RMB'000**	**Expected credit losses RMB'000**
Individually impaired	**94.09%**	**762,244**	**717,169**
Collectively impaired			
Within 6 months	**0.18%**	**11,837,371**	**21,792**
6 months to 1 year	**1.17%**	**3,488,312**	**40,887**
1 to 2 years	**2.43%**	**4,198,420**	**101,826**
2 to 3 years	**5.61%**	**1,008,800**	**56,544**
Over 3 years	**39.77%**	**761,375**	**302,791**
	2.46%	**21,294,278**	**523,840**
Total	**5.63%**	**22,056,522**	**1,241,009**

	As at 31 December 2019		
Collectively impaired	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Individually impaired	88.17%	239,502	211,159
Collectively impaired			
Within 6 months	0.13%	7,697,922	9,699
6 months to 1 year	1.04%	3,051,293	31,606
1 to 2 years	3.28%	3,449,421	113,112
2 to 3 years	7.42%	745,515	55,340
Over 3 years	49.09%	1,570,983	771,155
	5.94%	16,515,134	980,912
Total	7.11%	16,754,636	1,192,071

26. TRADE AND BILLS RECEIVABLES (continued)

The amounts due from the Group's beneficial shareholders, joint ventures and associates included in trade and bill receivables are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Beneficial shareholders of the Company	**966,186**	1,772,565
Joint ventures	**56,787**	667,009
Associates	**14,812**	34,094
	1,037,785	2,473,668

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

As at 31 December 2020, the Group's trade and bills receivables amounting to RMB5,279,281,000 (31 December 2019: RMB3,882,996,000) were pledged to secure certain of the Group's interest-bearing bank and other borrowings (note 34).

As at 31 December 2020, the Group's trade receivables amounting to Nil (31 December 2019: RMB345,000) were pledged to secure power price swap contract.

As at 31 December 2020, bills receivable amounting to RMB40,000,000 were pledged to build final assembly plant (31 December 2019: RMB40,000,000).

27. FINANCIAL RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Receivables for service concession agreements	**3,689,072**	3,077,183
Receivables for finance lease services	**4,102,350**	4,572,110
Accrued VAT on finance lease receivables	**414,928**	298,905
Loans to joint ventures	**166,254**	–
Provision for impairment	**(24,874)**	(20,845)
	8,347,730	7,927,353
Portion classified as non-current assets	**(7,997,292)**	(7,461,270)
Current portion	**350,438**	466,083

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

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

The movements in the loss allowance for impairment of financial receivables based on 12-month ECL are as follows:

		Year ended 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
At beginning of year		**20,845**	27,283
Impairment losses recognised	8	**12,466**	1,496
Impairment losses reversed	8	**(8,411)**	(8,187)
Exchange realignment		**(26)**	253
At end of year		**24,874**	20,845

As at 31 December 2020, the Group's financial receivables amounting to RMB1,807,793,000 (31 December 2019: RMB571,597,000) were pledged to secure certain of the Group's bank loans (note 34).

28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	As at 31 December 2020 RMB'000	 2019 RMB'000
Advances to suppliers	(ii)	**1,723,314**	2,128,661
Prepayments		**684,900**	222,481
Deductible VAT		**2,772,234**	2,948,687
Deposits and other receivables		**2,009,385**	2,199,875
		7,189,833	7,499,704
Impairment allowance		**(188,657)**	(108,615)
		7,001,176	7,391,089
Portion classified as non-current assets	(i)	**(2,536,275)**	(1,176,854)
Current portion		**4,464,901**	6,214,235

(i) The non-current portion of deposits and other receivables mainly represented advances to suppliers and deductible input VAT at 31 December 2020 and 2019.

(ii) As at 31 December 2020, the Group's advances to suppliers amounting to Nil (31 December 2019: RMB14,341,000) were pledged to secure certain of the Group's power price swap contract.

Movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	Note	Year ended 31 December 2020 RMB'000	 2019 RMB'000
At beginning of year		**108,615**	93,599
Impairment losses recognised	8	**98,528**	33,031
Impairment losses reversed	8	**(15,313)**	(17,433)
Amounts written off as uncollectible		**–**	(675)
Exchange realignment		**(3,173)**	93
At end of year		**188,657**	108,615

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

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Beneficial shareholders of the Company	**–**	11,031
Joint ventures	**281,329**	81,604
Associates	**55,594**	29,197
	336,923	121,832

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

29. CONTRACT ASSETS

		As at 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Contract assets arising from:			
Retention receivables on the sale of wind turbines	(i)	**3,448,783**	3,640,803
Construction services	(ii)	**1,012,525**	928,170
Services concession arrangement		**330,006**	836,567
		4,791,314	5,405,540
Impairment		**(7,753)**	(8,040)
		4,783,561	5,397,500
Portion classified as non-current assets		**(3,381,528)**	(3,719,519)
Current portion		**1,402,033**	1,677,981

(i) 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 and financial receivables.

29. CONTRACT ASSETS (continued)

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within one year	**1,402,033**	1,677,981
After one year	**3,381,528**	3,719,519
Total contract assets	**4,783,561**	5,397,500

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

		Year ended 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
At beginning of year		**8,040**	4,452
Impairment losses recognised	8	**3,886**	5,440
Impairment losses reversed	8	**(3,474)**	(1,548)
Amounts written off as uncollectible		**–**	(15)
Exchange realignment		**(699)**	(289)
At end of year		**7,753**	8,040

29. CONTRACT ASSETS (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	As at 31 December 2020	As at 31 December 2019
Expected credit loss rate	**0.16%**	0.15%
	RMB'000	RMB'000
Gross carrying amount	**4,791,314**	5,405,540
Expected credit losses	**7,753**	8,040

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash and bank balances	**8,238,497**	7,165,866
Time deposits	**143,407**	188,018
	8,381,904	7,353,884
Less: Pledged for:		
– Bank loans, letters of credit, bills issued and others	**(67,860)**	(50,611)
– Provision for risk and mandatory reserve deposits	**(604,820)**	(482,493)
	(672,680)	(533,104)
Cash and cash equivalents in the consolidated statement of financial position	**7,709,224**	6,820,780
Less: Non-pledged deposits with original maturity of more than three months when acquired	**(3,901)**	(13,363)
Cash and cash equivalents in the consolidated statement of cash flows	**7,705,323**	6,807,417
Pledged deposits	**672,680**	533,104
Portion classified as non-current assets	**(108,026)**	(106,371)
Current portion	**564,654**	426,733
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**7,509,931**	5,759,945
– Australian dollar	**100,127**	448,037
– United States dollar	**269,174**	575,202
– Euro	**349,939**	147,557
– Hong Kong dollar	**12,038**	13,907
– Argentine peso	**1,846**	291,570
– Other currencies	**138,849**	117,666
	8,381,904	7,353,884

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

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

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

31. TRADE AND BILLS PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables	**18,743,809**	17,142,173
Bills payable	**11,790,771**	9,763,574
	30,534,580	26,905,747
Portion classified as non-current liabilities (i)	**(1,924,541)**	(1,477,772)
Current portion	**28,610,039**	25,427,975

(i) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 31 December 2020 and 2019.

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 fall from three to five years after the completion of the preliminary acceptance of goods.

31. TRADE AND BILLS PAYABLES (continued)

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 3 months	**15,734,244**	15,106,505
3 to 6 months	**8,001,180**	7,104,600
6 months to 1 year	**2,884,827**	1,922,115
1 to 2 years	**1,592,466**	1,172,579
2 to 3 years	**1,127,959**	769,489
Over 3 years	**1,193,904**	830,459
	30,534,580	26,905,747

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Beneficial shareholders of the Company	**227**	30
Joint ventures	**5,823**	4,242
Associates	**159,394**	277,891
	165,444	282,163

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

32. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Receipt in advance	**6,694**	5,042
Contract liabilities (ii)	**8,373,914**	9,755,122
Accrued salaries, wages and benefits	**892,447**	679,265
Other taxes payable	**391,675**	140,377
Interest payable	**1,896**	1,117
Dividends payable	**81,797**	65,999
Other payables	**1,695,435**	1,882,316
	11,443,858	12,529,238
Portion classified as non-current liabilities (i)	**(494,663)**	(343,558)
Current portion	**10,949,195**	12,185,680

(i) The non-current portion of other payables mainly represented output VAT to be recognized, guaranteed deposit and finance lease payable borne by the Group as at 31 December 2020 (31 December 2019: output VAT to be recognized and guaranteed deposits).

(ii) Details of contract liabilities are as follows:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Short-term advances received from customers	**7,771,928**	9,159,328
Amounts due to contract customers	**601,986**	595,794
Total contract liabilities	**8,373,914**	9,755,122

Contract liabilities include short-term advances received from customers, billed earlier than completion of construction service.

32. OTHER PAYABLES AND ACCRUALS (continued)

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Beneficial shareholders of the Company	**643,913**	76,667
Joint ventures	**157,044**	1,015
Associates	**5,383**	490
	806,340	78,172

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

33. DERIVATIVE FINANCIAL INSTRUMENTS

		As at 31 December 2020	
	Notes	**Assets RMB'000**	**Liabilities RMB'000**
Forward currency contracts			
– not designated for hedge purposes	(i)	**9,426**	**20,371**
Forward currency contracts – designated for hedge purposes	(ii)	**433,831**	**226,071**
Interest rate swaps – not designated for hedge purposes	(iii)	**–**	**17,396**
Interest rate swaps – designated for hedge purposes	(iv)	**–**	**12,020**
Call option		**159,913**	**–**
		603,170	**275,858**
Portion classified as non-current:			
Forward currency contracts			
– not designated for hedge purposes	(i)	**(1,311)**	**–**
Forward currency contracts – designated for hedge purposes	(ii)	**(213,349)**	**–**
Call option	(v)	**(89,141)**	**–**
		(303,801)	**–**
Current portion		**299,369**	**275,858**

33. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

		As at 31 December 2019	
	Notes	Assets RMB'000	Liabilities RMB'000
Power price swap contract	(vi)	136,460	–
Forward currency contracts – not designated for hedge purposes		1,653	4,909
Forward currency contracts – designated for hedge purposes		13,811	10,836
Interest rate swaps – not designated for hedge purposes		3	–
Interest rate swaps – designated for hedge purposes		904	35,825
Call option		90,678	–
		243,509	51,570
Portion classified as non-current:			
Power price swap contract		(136,460)	–
Forward currency contracts – designated for hedge purposes		(6,436)	–
Interest rate swaps – not designated for hedge purposes		(3)	–
Interest rate swaps – designated for hedge purposes		(904)	(35,825)
		(143,803)	(35,825)
Current portion		99,706	15,745

(i) Certain foreign currency forward contracts were not designated for hedge purposes and were measured at fair value through profit or loss. Changes in the fair value of non-hedging foreign currency contracts were charged to the statement of profit or loss during the year.

(ii) The Group used forward currency contracts to hedge the exchange rate risk. The Group signed several forward currency contracts with some banks during this year which were designated for hedge purposes and classified as cash flow hedges, fair value hedges and hedges of a net investment in a foreign operation. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and hedges of a net investment in a foreign operation, which is recognised in other comprehensive income.

(iii) The interest rate swaps were not designated for hedge purposes and were measured at fair value through profit or loss. Changes in the fair value of non-hedging interest rate swaps were charged to the statement of profit or loss during the year.

(iv) The interest swaps were designated for hedge purposes. Some hedging interest swaps were assessed to be highly effective and the fair value change were included in other comprehensive income. Others were assessed to be ineffective and fair value change were charged to the statement of profit or loss during the year.

(v) The Group held the call option of 81% equity interest of Clark Creek Wind Farm and Banana Range. The fair value change were charged to the statement of profit or loss during the year.

(vi) As disclosed in Note 41, the Group derecognize the power price swap contract as a result of disposal of 100% equity of Rattlesnake Power Holdings, LLC during this year.

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

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2020			As at 31 December 2019		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short-term bank loans:						
– Unsecured	2.50-4.35	2021	2,487,543	2.92-4.35	2020	1,874,072
– Secured (a)	4.15-4.35	2021	152,976	4.16-4.79	2020	100,000
Current portion of long-term bank loans:						
– Unsecured	1.20-5.15	2021	801,175	1.20-6 months LIBOR+3.5	2020	2,262,570
– Secured (b)	LIBOR+1.50 -5.45	2021	1,656,628	3.25-9.28	2020	1,106,207
Corporate bonds:						
– Secured	4.20-4.5	2021	300,133	4.20	2020	284,455
Lease liabilities (note 16(b)):	4.75-5.29	2021	213,783	4.75-5.29	2020	78,020
			5,612,238			5,705,324
Non-current						
Long-term bank loans:						
– Unsecured	1.20-5.45	2022-2036	1,456,512	1.20-5.15	2021-2029	1,379,716
– Secured (b)	LIBOR+1.50 -5.45	2022-2035	16,581,897	LIBOR+1.75 -9.16	2021-2035	13,666,636
Corporate bonds (i):						
– Secured	–	–	–	4.50	2021	288,232
Lease liabilities: (note 16(b)):	4.75-5.29	2022-2048	1,904,525	4.75-5.29	2021-2048	701,606
			19,942,934			16,036,190
			25,555,172			21,741,514
Interest-bearing bank and other borrowings are denominated in:						
– RMB			22,373,027			16,719,071
– United States dollar			2,334,577			4,060,723
– Australian dollar			751,707			899,367
– Euro			95,861			62,353
			25,555,172			21,741,514

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

The maturity profile of the interest-bearing bank and other borrowings as at 31 December 2020 and 2019 is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**5,098,322**	5,342,849
In the second year	**3,730,660**	1,993,400
In the third to fifth years, inclusive	**4,886,241**	2,795,401
Above five years	**9,421,509**	10,257,551
	23,136,732	20,389,201
Other borrowings repayable:		
Within one year	**513,916**	362,475
In the second year	**266,743**	357,677
In the third to fifth years, inclusive	**801,514**	140,024
Above five years	**836,267**	492,137
	2,418,440	1,352,313
	25,555,172	21,741,514

The Group's interest-bearing bank loans and other borrowings of approximately RMB29,885,125,000 (31 December 2019: RMB16,154,224,000) were secured or guaranteed by the following:

(a) Certain of the Group's short-term bank loans amounting to approximately RMB152,976,000 (31 December 2019: RMB100,000,000) as at 31 December 2020 were secured by the pledge of the Group's trade receivables amounting to RMB200,143,000 (31 December 2019: RMB122,162,000).

(b) Certain of the Group's long-term bank loans amounting to approximately RMB18,238,525,000 (31 December 2019: RMB14,772,843,000) as at 31 December 2020 were secured by mortgages over certain of the property, plant and equipment, other intangible assets, right-of-use assets and prepaid land lease payments of the Group and by the pledge of the Group's bank deposits, trade and bills receivables, financial receivables, bank deposits as provision for risk, derivative financial instruments and prepayments, other receivables and other assets.

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

As at the reporting date, the aggregate carrying values of the assets as follows:

		As at 31 December	
	Notes	**2020 RMB'000**	2019 RMB'000
Property, plant and equipment	15	**12,920,742**	9,204,317
Right-of-use assets	16	**160,260**	146,198
Bank deposits		**45,803**	9,619
Trade and bills receivables		**4,682,077**	3,406,399
Financial receivables	27	**1,807,793**	571,597
Bank deposits for provision for risk	30	**108,026**	106,371
		19,724,701	13,444,501

(c) Certain of the bank loans amounting to RMB1,631,530,000 (31 December 2019: RMB900,553,000) are guaranteed. Certain of the bank loans of the Company's subsidiaries, amounting to RMB1,618,530,000 (31 December 2019: RMB885,553,000) as at 31 December 2020 were guaranteed by the Company. Certain of the Company's bank loans amounting to approximately RMB13,000,000 (31 December 2019: RMB15,000,000) as at 31 December 2020 were guaranteed by a subsidiary.

35. PROVISION

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

		Year ended 31 December 2020			
	Note	**Product warranties RMB'000**	**Asset retirement obligations RMB'000**	**Others RMB'000**	**Total RMB'000**
At beginning of year		**3,665,420**	**78,868**	**50,611**	**3,794,899**
Additional provision	8	**2,672,606**	**102,376**	**423,590**	**3,198,572**
Reversal of unutilised amounts	8	**(451,641)**	**–**	**(67,164)**	**(518,805)**
Amounts utilised during the year		**(1,476,312)**	**–**	**–**	**(1,476,312)**
Disposals of subsidiaries	41	**–**	**(78,832)**	**–**	**(78,832)**
Exchange realignment		**(1,571)**	**(15,439)**	**(1,320)**	**(18,330)**
At end of year		**4,408,502**	**86,973**	**405,717**	**4,901,192**
Portion classified as current liabilities		**(1,901,025)**	**–**	**(82,947)**	**(1,983,972)**
Non-current portion		**2,507,477**	**86,973**	**322,770**	**2,917,220**

		Year ended 31 December 2019			
	Note	Product warranties RMB'000	Asset retirement obligations RMB'000	Others RMB'000	Total RMB'000
At beginning of year		3,442,096	110,342	–	3,552,438
Additional provision	8	1,937,836	–	58,683	1,996,519
Reversal of unutilised amounts	8	(413,305)	(31,027)	–	(444,332)
Amounts utilised during the year		(1,292,767)	–	(8,072)	(1,300,839)
Exchange realignment		(8,440)	(447)	–	(8,887)
At end of year		3,665,420	78,868	50,611	3,794,899
Portion classified as current liabilities		(1,608,494)	–	–	(1,608,494)
Non-current portion		2,056,926	78,868	50,611	2,186,405

The carrying amount of the Group's provision approximates to its fair value.

36. GOVERNMENT GRANTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Government grants	**211,007**	214,510

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of year	**214,510**	298,056
Additions	**10,870**	20,518
Recognised as income during the year	**(14,341)**	(42,237)
Disposal of a subsidiaries	**–**	(61,384)
Exchange realignment	**(32)**	(443)
At end of year	**211,007**	214,510

37. SHARE CAPITAL

	As at 31 December			
	2020		2019	
	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**	3,451,496	3,451,496
H shares of RMB1.00 each	**773,572**	**773,572**	773,572	773,572
	4,225,068	**4,225,068**	4,225,068	4,225,068

37. SHARE CAPITAL (continued)

A summary of movements in the Company's share capital is as follows:

	Year ended 31 December			
	2020		2019	
	Number of shares in issue '000	**Share capital RMB'000**	Number of shares in issue '000	Share capital RMB'000
At beginning of year	**4,225,068**	**4,225,068**	3,556,203	3,556,203
Share Rights Issues	**–**	**–**	668,865	668,865
At end of year	**4,225,068**	**4,225,068**	4,225,068	4,225,068

The Company completed the A Share and H Share Rights Issues through the Shenzhen Stock Exchange and the Hong Kong Stock Exchange on 27 March 2019 and 23 April 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.

38. RESERVES

The amounts of the Group's reserves and the movements are presented in the consolidated statement of changes in equity for the current and prior years on pages 106 and 107 of these consolidated financial statements.

39. 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 further Perpetual Medium-term Notes in an aggregate amount of RMB500 million at the initial distribution rate of 6%. The proceeds from issuance of theses Perpetual Medium-term Notes after deduction of the issuance costs were RMB498,500,000. The issue price for each of the Perpetual Medium-term Notes is RMB100.

39. OTHER EQUITY INSTRUMENT (continued)

In August 2020, the Company issued further Perpetual Medium-term Notes in an aggregate amount of RMB1 billion at the initial distribution rate of 5.2%. The proceeds from issuance of these Perpetual Medium-term Notes after deduction of the issuance costs were RMB997,000,000. 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.

40. BUSINESS COMBINATIONS

In 2020, 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 RMB'000	Revenue from the purchase date to the end of the year RMB'000	Net profit from the purchase date to the end of the year RMB'000
Dasmart Environmental Technology (Beijing) Co., Ltd (the"Dasmart")	May 2020	100%	50,043	61,376	17,242
Jinan Yisheng Henggang New Energy Co., Ltd (the "Jinan Yisheng")	July 2020	70%	13,961	–	(4)
Inner Mongolia Huizhi Kunda New Energy Technology Co., Ltd (the "Huizhi Kunda")	October 2020	100%	100,000	–	(2)
Daixian Hongrunxiang New Energy Co., Ltd (the "Hongrunxiang")	November 2020	99%	158,796	–	–
Xinjiang Jinshang Fengxiang Energy Investment Co., Ltd (the "Jinshang Fengxiang")	November 2020	51%	51,000	2,650	(1,209)
Linqing Bihai Guohuan Sewage Treatment Co., Ltd (the "Linqing Bihai")	December 2020	94%	56,800	–	–
			430,600	64,026	16,027

40. BUSINESS COMBINATIONS (continued)

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

	Notes	Fair value recognized on acquisition RMB'000
Property, plant and equipment	15	574,953
Other intangible assets	18	218,408
Right-of-use assets	16	472,173
Prepayments, other receivables and other assets		211,586
Cash and cash equivalents		23,888
Trade and bills receivables		104,452
Inventories		38,289
Deferred tax assets	24	2,682
Interest-bearing bank and other borrowings		(267,093)
Trade and bills payables		(150,134)
Lease liabilities	16	(472,173)
Other payables and accruals		(222,037)
Tax payable		(1,253)
Deferred tax liabilities	24	(42,694)
Total identifiable net assets at fair value		491,047
Non-controlling interests		(60,447)
Total consideration		430,600

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

	RMB'000
Cash consideration	(430,600)
Cash and cash equivalents paid during the current year	(208,139)
Cash and cash equivalents acquired	23,888
	(184,251)
Cash and cash equivalents paid for prior year transactions	(168,223)
Net outflow of cash and cash equivalents included in the consolidated statement of cash flow for the year ended 31 December 2020	(352,474)

40. BUSINESS COMBINATIONS (continued)

Impact of acquisition on the results of the Group

Included in the gain for the year is RMB16,027,000 attributable to the additional business generated by Dasmart, Jinan Yisheng, Huizhi Kunda, Jinshang Fengxiang and Linqing Bihai. Revenue for the current year generated by Dasmart, Jinan Yisheng, Huizhi Kunda, Hongrunxiang, Jinshang Fengxiang and Linqing Bihai were RMB64,026,000.

Had the acquisition of Dasmart, Jinan Yisheng, Huizhi Kunda, Hongrunxiang, Jinshang Fengxiang and Linqing Bihai been completed on 1 January 2020, revenue for the current year of the Group would have been RMB56,334,078,000 and the profit for the year would have been RMB2,961,457,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Dasmart, Jinan Yisheng, Huizhi Kunda, Jinshang Fengxiang and Linqing Bihai been acquired at the beginning of the current year, the Directors calculated depreciation and amortization of plant and equipment based on the recognized amounts of assets at the date of the acquisition.

As at the date of these consolidated financial statements, the initial accounting for the acquisitions of Jinan Yisheng, Hongrunxiang and Linqing Bihai were determined on a provisional basis as the allocation of fair value to the identifiable assets and liabilities of the acquisition is still progressing. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortization, and other profit or loss effect, if any, will be recognized retrospectively on completion of the initial accounting during the measurement year.

41. DISPOSAL OF SUBSIDIARIES

On 8 January 2020, the Group disposed of its 49% equity interests in Stockyard Hill Wind Farm (Holding) Pty Ltd. ("Stockyard Hill") to an independent third party, Nebras Power Australia Pty Ltd. ("Nebras Power") for a cash consideration of AUD159,867,795 (equivalent to RMB746,724,000) and the Group's equity interests in Stockyard Hill decreased from 100% to 51%. Since the articles of Stockyard Hill had revised and managements were changed, the Group lost its control over Stockyard Hill and therefore accounted for its remaining interests as an investment in joint venture in the consolidated financial statements of the Group.

On 29 February 2020, the Group disposed of its 49% equity interests in both of Pinglu Tianshi Wind Energy Electricity Co., Ltd. ("Pinglu Tianshi") and Pinglu Tianrun Wind Energy Electricity Co., Ltd. ("Pinglu Tianrun") to a third party for a total cash consideration of RMB667,000,000 and the Group's equity interests in Pinglu Tianshi and Pinglu Tianrun decreased from 100% to 51%. Since the articles of Pinglu Tianrun and Pinglu Tianshi had revised and managements were changed, the Group lost its control over Pinglu Tianshi and Pinglu Tianrun, and therefore accounted for its remaining interests as investments in joint ventures in the consolidated financial statements of the Group.

On 9 April 2020, the Group disposed of its 100% equity interests in Xingtai Jinmu New Energy Technology Co., Ltd. to an independent third party for a cash consideration of RMB5,000,000. Furthermore, on 4 May 2020, the Group also disposed of its 100% equity interests in UEP Penonome, S.A. to an independent third party for a cash consideration of USD79,748,078 (equivalent to RMB560,816,000).

On 10 November 2020, the Group disposed of its 100% equity of Rattlesnake Power Holdings, LLC to an independent third party with USD69,378,986 (equivalent to approximately RMB479,137,000).

On 31 December 2020, the Group disposed of its 51% equity of Henan Jiemei new energy Co., Ltd. to an independent third party with RMB22,000,000.

On 31 December 2020, the Group disposed of its100% equity of Windpark Bestwig Berlar GmbH & Co. KG to an independent third party with EURO4,904,835 (equivalent to approximately RMB38,668,000).

41. DISPOSAL OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the year ended 31 December 2020 were as follows:

	Notes	RMB'000
Net assets disposed of:		
Property, plant and equipment	15	1,858,329
Right-of-use assets	16	102,373
Other intangible assets	18	38,974
Goodwill	17	103,488
Trade and bills receivables		34,523
Cash and cash equivalents		93,585
Derivative financial instruments		119,598
Prepayments, other receivables and other assets		22,992
Interest-bearing bank and other borrowings		(25,546)
Trade and bills payables		(10,595)
Other payables and accruals		(62,952)
Lease liabilities	16	(101,587)
Deferred tax liabilities	24	(23,463)
Provision	35	(78,832)
Non-controlling interests		(874,730)
Assets and liabilities classified as held for sale including:		
Property, plant and equipment		4,896,089
Right-of-use assets		215,209
Other intangible assets		286,563
Deferred tax assets		3
Trade and bills receivables		396,456
Prepayments, other receivables and other assets		175,273
Inventories		2,289
Cash and cash equivalents		111,363
Derivative financial instruments		4,510
Prepayments, other receivables and other assets		57,397
Trade and bills payables		(95,629)
Interest-bearing bank and other borrowings		(3,578,552)
Derivative financial instruments		(275,673)
Other payables and accruals		(176,612)
Contract liabilities		(3,876)
Tax payable		(1,102)
Lease liability		(219,719)
Deferred tax liabilities		(40,348)
		2,949,798

41. DISPOSAL OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the period ended 31 December 2020 were as follows:

	Note	**RMB'000**
Net assets disposed of		2,949,798
Less: Investments in joint ventures		(1,669,754)
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	7	775,356
Gain on disposal of subsidiaries	7	463,945
Total consideration		2,519,345
Satisfied:		
Cash		1,847,345
Advanced payment, which has been accounted for as other payables and accruals, as at 31 December 2019		672,000
		2,519,345
Net cash inflow arising on disposal:		
Total cash consideration received		1,847,345
Bank balances and cash disposed of		(93,585)
		1,753,760

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount of RMB8,297,324,000 (2019: RMB9,972,146,000).

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,035,361,000 and RMB1,035,361,000 respectively, in respect of lease arrangements for plant and equipment (2019: RMB242,001,000 and RMB242,001,000).

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank loans RMB'000	Dividends payable RMB'000	Interest payable RMB'000
At 1 January 2020	**21,741,514**	**65,999**	**1,117**
Changes from financing cash flows	**2,255,660**	**(784,390)**	**(976,832)**
Interest expense	**68,881**	**–**	**977,611**
Final 2019 dividend declared	**–**	**676,011**	**–**
Dividend declared to non-controlling shareholders	**–**	**23,177**	**–**
New leases	**1,035,361**	**–**	**–**
Distribution of other equity instruments	**–**	**101,000**	**–**
Foreign exchange movement	**(158,377)**	**–**	**–**
Decrease arising from disposal of subsidiaries	**(127,133)**	**–**	**–**
Increase arising from business combination	**739,266**	**–**	**–**
At 31 December 2020	**25,555,172**	**81,797**	**1,896**

	Interest-bearing bank loans RMB'000	Dividends payable RMB'000	Interest payable RMB'000
At 1 January 2019	22,895,793	76,798	7,994
Changes from financing cash flows	3,816,466	(1,181,356)	(1,073,351)
Interest expense	72,887	–	1,077,161
Final 2018 dividend declared	–	1,056,267	–
Dividend declared to non-controlling shareholders	–	13,290	–
New leases	242,001	–	–
Distribution of other equity instruments	–	101,000	–
Foreign exchange movement	80,624	–	(5,873)
Decrease arising from disposal of subsidiaries	(1,465,811)	–	(1,972)
Decrease arising from classified as liabilities held for sale	(3,900,446)	–	(2,842)
At 31 December 2019	21,741,514	65,999	1,117

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

Amount includes payments of principal and interest portion of lease liabilities, variable lease payments, short-term leases, low-value assets and payments of lease payments on or before lease commencement date (including prepaid land lease payments). These amounts could be presented in operating, investing or financing cash flows.

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020	2019
	RMB'000	RMB'000
Within operating activities	**206,232**	99,973
Within investing activities	**24,013**	18,532
Within financing activities	**144,929**	60,119
	375,174	178,624

43. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Letters of credit issued	**5,197**	18,834
Letters of guarantee issued	**18,404,653**	20,275,299
Guarantees given to banks in connection with bank loans granted to:		
Associates	**429,606**	458,597
A third party	**244,763**	250,096
	19,084,219	21,002,826

In 2015, Beijing Tianrun New Energy Investment Co., Ltd ("Beijing Tianrun") entered into an agreement with the creditor bank, Chifeng Jinneng New Energy Investment Co., Ltd. ("Chifeng Jinneng) and Chifeng Xinneng New Energy Investment Co., Ltd. ("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. As at 31 December 2020, Chifeng Xinneng made profit and the Directors are of the view that it could pay the principal and interest of relevant loans on schedule. Therefore, the risk exposure from above repurchase clause is insignificant.

43. CONTINGENT LIABILITIES (continued)

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 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.

As at 31 December 2020, the amount of pending litigation matters of which the Group as the defendant was RMB2,196,954,000 (2019:RMB169,384,000).

Also as disclosed in Note 8, during the year, certain subsidiaries of the Group undertook the delayed operation expenses of RMB382,313,000 under the power purchase agreement as a result of the delay in the commercial operation date of its wind farms. Based on the information available at the end of this reporting period, the Directors are of the view that the Group has the legal right to claim such expenses from its EPC contractors in accordance with EPC contracts, and it is probable that their claim will be successful. However, the financial impact of this compensation income cannot be measured with sufficient reliability at the end of this reporting period. Hence, the Group has not recognized this contingent asset in these consolidated financial statements.

44. PLEDGE OF ASSETS

Details of the Group's bank and other borrowings, letters of credit, guarantees issued, provision risk, mandatory reserve deposits and uncompleted transactions, which are secured by the assets of the Group, are included in notes 15, 16, 26, 27 and 30, respectively, to these consolidated financial statements.

45. COMMITMENTS

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

	As at 31 December	
	2020 **RMB'000**	2019 RMB'000
Contracted, but not provided for:		
Property, plant and equipment and land use rights	**4,555,172**	8,532,097

46. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Continuing transactions		
Beneficial shareholders of the Company:		
Sales of wind turbine generators and spare parts	**4,189,719**	2,633,368
Provision of services	**12,697**	56,856
	4,202,416	2,690,224
Non-continuing transactions		
Beneficial shareholders of the Company:		
Purchases leasing services	**26,391**	–
Associates:		
Sales of wind turbine generators and spare parts	**164**	24,156
Purchases of spare parts	**323,179**	286,335
Purchases of processing services	**236,232**	223,096
Provision of services	**105,703**	35,779
Others	**2,483**	1,368
	667,761	570,734
Joint ventures:		
Sales of wind turbine generators	**6,431**	2,657
Purchases of spare parts and processing services	**12,145**	8,820
Purchases of services	**4,408**	–
Provision of services	**846,645**	66,257
Others	**24,660**	35,273
	894,289	113,007

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.

46. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amounts of total transactions with related parties for the year are included in note 46(a) to the consolidated financial statements. The Group expects the total transactions with related parties as follows:

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2022 RMB'000
Continuing transactions		
Beneficial shareholders of the Company:		
Sales of wind turbine generators and spare parts	5,992,808	–
	5,992,808	–

(c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 26, 28, 31 and 32 to these consolidated financial statements.

(d) Guarantee for related parties

Guarantee	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000	Guarantee period
An associate	**309,757**	341,901	From 28 May 2018 to 21 July 2023
An associate	**119,849**	116,696	From 28 March 2019 to 28 March 2024
	429,606	458,597	

(e) Compensation of key management personnel of the Group

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Short-term employee benefits	**55,775**	41,013
Pension scheme contributions	**333**	497
Total compensation paid to key management personnel	**56,108**	41,510

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

47. 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 31 December 2020

Financial assets

	Financial assets at fair value through profit or loss 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	–	249,179	–	249,179
Financial assets at fair value through profit or loss	1,591,480	–	–	1,591,480
Other non-current financial assets	–	–	104,038	104,038
Trade and bills receivables	–	2,161,393	20,815,513	22,976,906
Financial receivables	–	–	3,848,521	3,848,521
Financial assets included in prepayments, other receivables and other assets	–	–	1,820,728	1,820,728
Derivative financial instruments	510,587	92,583	–	603,170
Contract assets	–	–	3,775,141	3,775,141
Pledged deposits	–	–	672,680	672,680
Bank balances	–	–	7,709,154	7,709,154
	2,102,067	2,503,155	38,745,775	43,350,997

Financial liabilities

	Financial liabilities at fair value through profit or loss 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	–	–	30,534,580	30,534,580
Financial liabilities included in other payables and accruals	–	–	1,305,737	1,305,737
Derivative financial instruments	37,767	238,091	–	275,858
Interest-bearing bank and other borrowings	–	–	23,436,864	23,436,864
	37,767	238,091	55,277,181	55,553,039

48. 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 31 December 2020 RMB'000	As at 31 December 2019 RMB'000	**As at 31 December 2020 RMB'000**	As at 31 December 2019 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	**18,038,409**	16,036,190	**17,314,653**	15,691,170

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, contract assets, trade and bills receivables, financial receivables, financial assets included in prepayments, other receivables and other assets, other non-current financial assets, trade and bills payables, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts.

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 31 December 2020 and 2019 was assessed to be insignificant.

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

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 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 to calculate 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 Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland 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 swap contract, 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 31 December 2020 and 2019, the mark-to-market value of the derivatives was net of a credit/debit 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.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

48. 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 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income:				
Unlisted equity investments	–	–	249,179	249,179
Trade and bills receivables	–	2,161,393	–	2,161,393
	–	2,161,393	249,179	2,410,572
Financial assets at fair value through profit or loss:				
Listed equity investments	354,150	–	–	354,150
Unlisted equity investments	–	–	237,330	237,330
Limited partnership investments	–	–	500,000	500,000
Wealth management products	–	500,000	–	500,000
	354,150	500,000	737,330	1,591,480
Derivative financial instruments:				
Foreign exchange forward contracts	–	443,257	–	443,257
Call option	–	–	159,913	159,913
	–	443,257	159,913	603,170
	354,150	3,104,650	1,146,422	4,605,222

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

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments:				
Interest rate swaps	–	29,416	–	29,416
Foreign exchange forward contracts	–	246,442	–	246,442
	–	275,858	–	275,858

During the year ended 31 December 2020, there was no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for 2020.

Liabilities for which fair values are disclosed:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings, non-current portion	–	18,038,409	–	18,038,409

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

Fair value hierarchy (continued)

Reconciliation of level 3 fair value measurements

	Financial assets at fair value through profit or loss RMB'000	Equity investments designated at fair value through other comprehensive income RMB'000	Derivative financial instruments RMB'000
At 1 January 2020	578,137	209,786	90,678
Total gains (losses):	(125,331)	46,617	69,235
– in profit or loss	(125,331)	–	69,235
– in other comprehensive expense	–	46,617	–
Purchased	500,000	8,000	–
Disposals	(215,476)	(7,101)	–
Exchange realignment	–	(8,123)	–
At 31 December 2020	737,330	249,179	159,913

49. TRANSFERRED FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

(a) At 31 December 2020, the Group endorsed or discounted certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills" or the "Discounted Bills") with a carrying amount of RMB1,278,413,000 (31 December 2019: RMB1,524,798,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement" or the "Discount"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which included default risks relating to such Endorsed Bills or Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills or Discounted Bills and the associated trade payables settled. Subsequent to the Endorsement or the Discount, the Group did not retain any rights on the use of the Endorsed Bills or Discounted Bills, including the sale, transfer or pledge of the Endorsed Bills or Discounted Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills or Discounted Bills during the year to which the suppliers have recourse was RMB1,292,024,000 (31 December 2019: RMB1,524,798,000) as at 31 December 2020.

49. TRANSFERRED FINANCIAL ASSETS (continued)

Transferred financial assets that are not derecognised in their entirety (continued)

(b) As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the Arrangement that have not been settled as at 31 December 2020 was RMB183,120,000 (31 December 2019: RMB122,162,000). The carrying amount of the assets that the Group continued to recognise as at 31 December 2020 was RMB183,120,000 (31 December 2019: RMB122,162,000) and that of the associated liabilities as at 31 December 2020 was RMB151,838,000 (31 December 2019: RMB100,000,000).

Transferred financial assets that are derecognised in their entirety

At 31 December 2020, the Group endorsed or discounted certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB9,717,696,000 (31 December 2019: RMB8,921,756,000). The Derecognised Bills had a maturity of one to twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables or loans. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2020 and 2019, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank loans and other borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, including interest rate swaps, foreign currency contracts and power price swap contracts. The purpose is to manage the interest rate risks, foreign currency risk and price risk arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the Directors hold meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. The Group's accounting policies in relation to derivative financial instruments are set out in note 4 to the financial statements.

Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank loans and short-term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this mix in a cost-effective manner, the Group enters into an interest rate swap, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2020, after taking into account the effect of the interest rate swap, approximately 17.84% (31 December 2019: 16%) of the Group's interest-bearing borrowings bore interest at fixed rates.

If there were a general increase/decrease in the interest rates of bank loans with floating interest rates by 1% point, with all other variables held constant, the consolidated pre-tax profit and construction in progress would have decreased/increased by approximately RMB132,007,000 (2019: RMB176,508,000) for the year ended 31 December 2020, and there would be no impact on other components of the consolidated equity, except for retained profits, of the Group.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and the Group has applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents, receivables, payables and bank loans that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily Euro, the United States dollar， the Australian dollar, and the Argentine peso.

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group requires all its operating units to use foreign currency forward currency contracts to eliminate the foreign currency exposures on any individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The foreign currency forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

At 31 December 2020 and 2019, the Group had hedged most of its foreign currency sales for which firm commitments existed at the end of the reporting period.

In addition, the Group has currency exposures from its interest-bearing bank borrowings. The Group has used a foreign currency swap contract to reduce the exposure to RMB arising from the borrowings.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

The Group's exposures to foreign currencies as at 31 December 2020 and 2019 are as follows:

	As at 31 December							
	2020				2019			
	Euro RMB'000	United States dollar RMB'000	Australian dollar RMB'000	Argentine peso RMB'000	Euro RMB'000	United States dollar RMB'000	Australian dollar RMB'000	Argentine peso RMB'000
Trade receivables	117,877	1,270,092	82,755	–	96,487	245,136	–	–
Prepayments, other receivables and other assets	1,371	13,183	2,410	–	28,950	–	–	–
Cash and cash equivalents	22,289	251,737	97,833	1,883	27,517	74,416	168,122	291,571
Trade payables	(51,818)	(2,606,914)	(1,227,139)	–	(26,431)	(881)	(180)	–
	89,719	(1,071,902)	(1,044,141)	1,883	126,523	318,671	167,942	291,571

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in exchange rates by 5%, with all other variables held constant, of the Group's profit after tax and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax RMB'000
2020		
If RMB weakens against Euro	**5%**	**3,703**
If RMB strengthens against Euro	**(5%)**	**(3,703)**
If RMB weakens against United States dollar	**5%**	**46,892**
If RMB strengthens against United States dollar	**(5%)**	**(46,892)**
If RMB weakens against Australian dollar	**5%**	**44,540**
If RMB strengthens against Australian dollar	**(5%)**	**(44,540)**
2019		
If RMB weakens against Euro	5%	4,518
If RMB strengthens against Euro	(5%)	(4,518)
If RMB weakens against United States dollar	5%	16,749
If RMB strengthens against United States dollar	(5%)	(16,749)
If RMB weakens against Australian dollar	5%	6,297
If RMB strengthens against Australian dollar	(5%)	(6,297)

The sensitivity analysis above has been determined assuming that the change in foreign currency rates had occurred on 31 December 2020 and the Group had applied the exposure to foreign currency risk to those monetary assets and liabilities and net investment operations in existence at those dates. The estimated 5% increase or decrease represents management's assessment of a reasonably possible change in foreign currency rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the year.

Credit risk

The Group trades only with recognised and creditworthy parties. The Group has a credit policy in place which requires credit evaluations on all customers who wish to trade on credit terms. Receivable balances are monitored on an ongoing basis. In most instances, advance payments are required for customers of wind turbine generators. Otherwise, the credit quality of customers is assessed after taking into account the customers' financial position and past experience with the customers.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging as at 31 December 2020

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	4,791,314	4,791,314
Trade and bills receivables*	–	–	–	24,217,915	24,217,915
Other non-current financial assets	104,139	–	–	–	104,139
Financial receivables	8,372,604	–	–	–	8,372,604
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,947,723	–	–	–	1,947,723
– Doubtful**	–	–	61,662	–	61,662
Pledged deposits					
– Not yet past due	672,680	–	–	–	672,680
Bank balances					
– Not yet past due	7,709,154	–	–	–	7,709,154
Guarantees given to banks in connection with facilities granted to associates					
– Not yet past due	429,606	–	–	–	429,606
– Less than 1 month past due	–	–	–	–	–
– 1 to 3 months past due	–	–	–	–	–
– more than 3 months past due	–	–	–	–	–
Guarantees given to banks in connection with facilities granted to third party					
– Not yet past due	244,763	–	–	–	244,763
– Less than 1 month past due	–	–	–	–	–
– 1 to 3 months past due	–	–	–	–	–
– more than 3 months past due	–	–	–	–	–
	19,480,669	–	61,662	29,009,229	48,551,560

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	5,405,540	5,405,540
Trade and bills receivables*	–	–	–	19,185,283	19,185,283
Other non-current financial assets	314,666	–	–	–	314,666
Financial receivables	7,948,198	–	–	–	7,948,198
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,137,774	–	–	–	2,137,774
– Doubtful**	–	55,882	6,219	–	62,101
Pledged deposits					
– Not yet past due	533,104	–	–	–	533,104
Cash and cash equivalents					
– Not yet past due	6,820,780	–	–	–	6,820,780
Guarantees given to banks in connection with facilities granted to associates					
– Not yet past due	458,597	–	–	–	458,597
– Less than 1 month past due	–	–	–	–	–
– 1 to 3 months past due	–	–	–	–	–
– more than 3 months past due	–	–	–	–	–
Guarantees given to banks in connection with facilities granted to third party					
– Not yet past due	250,096	–	–	–	250,096
– Less than 1 month past due	–	–	–	–	–
– 1 to 3 months past due	–	–	–	–	–
– more than 3 months past due	–	–	–	–	–
	18,463,215	55,882	6,219	24,590,823	43,116,139

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 26 and 29 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group establishes an allowance for impairment that represents its estimate of losses to be incurred in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the impaired financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Management evaluates the creditworthiness of the Group's existing and prospective customers and ensures that the customers have adequate financing for the projects as well as the source of the financing.

As at 31 December 2020, the maximum exposure to credit risk was represented by the carrying amount of financial assets in the statement of financial position.

Cash and bank balances are placed with banks and financial institutions which are regulated.

Liquidity risk

The Group's net current liabilities amounted to approximately RMB3,807 million (31 December 2019: RMB1,125 million) as at 31 December 2020, and its net cash inflow from operating activities and financing activities was approximately RMB5,377 million and RMB1,470 million (2019: RMB5,929 million and RMB6,131 million) respectively, and its net cash outflow used in investing activities amounted to approximately RMB5,719 million (2019: RMB10,267 million) for the year ended 31 December 2020. The Group recorded an increase in cash and cash equivalents of approximately RMB1,128 million (2019: RMB1,793 million) for the year ended 31 December 2020.

The Group is dependent on its ability to maintain adequate cash inflow from operations, its ability to maintain existing external financing, and its ability to obtain new external financing to meet its debt obligations as they fall due and to meet its committed future capital expenditures. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2020, the Group had banking facilities with several banks and financial institutions for providing sufficient bank financing.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group's policy is that not more than 70% of borrowings should mature in any 12-month period.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020					
Trade and bills payables	**28,610,039**	**862,308**	**998,173**	**370,432**	**30,840,952**
Financial liabilities included in other payables and accruals	**1,247,950**	**1,251**	**5,712**	**65,677**	**1,320,590**
Interest-bearing bank and other borrowings (excluding lease liabilities)	**5,398,455**	**3,730,660**	**4,886,241**	**9,421,508**	**23,436,864**
Lease liability	**221,299**	**275,809**	**881,972**	**1,088,098**	**2,467,178**
Derivative financial instruments	**275,858**	**–**	**–**	**–**	**275,858**
Interest payments on bank and other borrowings	**907,846**	**834,253**	**2,263,001**	**2,915,235**	**6,920,335**
External guarantee	**674,368**	**–**	**–**	**–**	**674,368**
	37,335,815	**5,704,281**	**9,035,099**	**13,860,950**	**65,936,145**
As at 31 December 2019					
Trade and bills payables	25,427,975	485,827	683,252	567,631	27,164,685
Financial liabilities included in other payables and accruals	1,559,167	8,664	17,571	87,633	1,673,035
Interest-bearing bank and other borrowings (excluding lease liabilities)	5,705,324	2,278,400	2,795,402	10,257,550	21,036,676
Lease liability	95,829	91,059	165,857	497,203	849,948
Derivative financial instruments	15,745	–	35,825	–	51,570
Interest payments on bank and other borrowings	874,661	672,091	1,340,551	970,641	3,857,944
External guarantee	732,139	–	–	–	732,139
	34,410,840	3,536,041	5,038,458	12,380,658	55,365,997

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group's policy is to maintain the gearing ratio between 40% and 65%. Net debt includes trade and bills payables, financial liabilities included in other payables and accruals, derivative financial instruments,interest-bearing bank loans and other borrowings, less cash and cash equivalents and the current portion of pledged deposits. Capital represents equity attributable to owners of the parent as stated in the consolidated statement of financial position.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses.

The gearing ratios at the end of the reporting periods are as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Trade and bills payables	**30,534,580**	26,905,747
Financial liabilities included in other payables and accruals	**1,305,737**	1,638,552
Interest-bearing bank and other borrowings	**25,555,172**	21,741,514
Less: Cash and cash equivalents in the consolidated statement of cash flows	**(7,705,323)**	(6,807,417)
Net debt	**49,690,166**	43,478,396
Equity attributable to owners of the parent	**34,168,252**	30,675,121
Capital and net debt	**83,858,418**	74,153,517
Gearing ratio	**59.25%**	58.63%

51. EVENTS AFTER THE REPORTING PERIOD

(1) On 26 March 2021, the board of Directors proposed to distribute cash dividends of RMB2.5 (tax included) per each 10 shares on share capital of 4,225,068,000 with total amount of RMB1,056,267,000.The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(2) The prevention and control of the novel coronavirus pneumonia pandemic (the "Pandemic") has entered "normalization". The Group actively responds to and strictly implements the various requirements of the party and the government at all levels of the prevention and control of the Pandemic, and actively cooperates with the government in the prevention and control of the Pandemic. The Group continues to pay close attention to the impact of the Pandemic, and evaluates and actively responds to its impact on the financial status and operating results of the Group. As of the announcement date of this report, the Group has not found any material adverse effects.

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**358,419**	240,706
Right-of-use assets	**12,483**	45,914
Other intangible assets	**1,632,737**	859,817
Investments in subsidiaries	**18,274,799**	16,713,215
Investments in associates	**235,238**	315,255
Investments in joint ventures	**3,143**	13,157
Equity investments designated at fair value through other comprehensive income	**3,317**	5,695
Other non-current financial assets	**–**	66,101
Deferred tax assets	**720,842**	626,015
Prepayments, other receivables and other assets	**4,668**	3,066,729
Contract assets	**2,210,495**	2,116,312
Financial receivables	**1,466,574**	–
Derivative financial instruments	**212,362**	977
Total non-current assets	**25,135,077**	24,069,893
CURRENT ASSETS		
Inventories	**2,375,329**	3,816,223
Trade and bills receivables	**15,237,080**	12,603,673
Contract assets	**290,894**	471,504
Prepayments, other receivables and other assets	**22,312,421**	12,208,587
Financial assets at fair value through profit or loss	**500,000**	400,000
Other non-current financial assets	**–**	171
Cash and cash equivalents	**7,497,116**	5,173,373
Derivative financial instruments	**128,885**	–
Total current assets	**48,341,725**	34,673,531
CURRENT LIABILITIES		
Trade and bills payables	**25,095,588**	18,481,883
Other payables and accruals	**11,836,543**	10,137,246
Interest-bearing bank and other borrowings	**2,839,500**	3,602,761
Tax payable	**158,732**	–
Provision	**1,368,108**	1,175,178
Total current liabilities	**41,298,471**	33,397,068

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
NET CURRENT ASSETS	**7,043,254**	1,276,463
TOTAL ASSETS LESS CURRENT LIABILITIES	**32,178,331**	25,346,356
NON-CURRENT LIABILITIES		
Trade payables	**1,089,841**	763,760
Other payable	**5,224,738**	–
Interest-bearing bank and other borrowings	**729,551**	702,471
Deferred tax liabilities	**–**	23,792
Provision	**1,694,907**	1,507,245
Government grants	**50,933**	51,561
Total non-current liabilities	**8,789,970**	3,048,829
Net assets	**23,388,361**	22,297,527
EQUITY		
Share capital	**4,225,068**	4,225,068
Reserves	**19,163,293**	18,072,459
Total equity	**23,388,361**	22,297,527

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Other equity instruments RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2020	12,235,580	–	1,439,570	(20,722)	(1,611)	1,993,618	(2,059)	2,428,083	18,072,459
Total comprehensive income/(expense) for the year	–	–	–	2,048	(872)	–	(43,049)	929,314	887,441
Final 2019 dividend declared	–	–	–	–	–	–	–	(676,011)	(676,011)
Capital contributions from other equity instruments holders	–	–	–	–	–	997,000	–	–	997,000
Distribution of other equity instruments	–	–	–	–	–	–	–	(101,000)	(101,000)
Profit appropriation to reserves	–	–	95,178	–	–	–	–	(95,178)	–
Other changes of a investment in associate	(16,596)	–	–	–	–	–	–	–	(16,596)
Transfer to special reserve	–	70,002	–	–	–	–	–	–	70,002
Utilisation of special reserve	–	(70,002)	–	–	–	–	–	–	(70,002)
At 31 December 2020	12,218,984	–	1,534,748	(18,674)	(2,483)	2,990,618	(45,108)	2,485,208	19,163,293
At 1 January 2019	8,264,710	–	1,299,928	–	(1,375)	1,993,618	–	2,308,087	13,864,968
Total comprehensive income for the year	–	–	–	(20,722)	(236)	–	(2,059)	1,416,905	1,393,888
Final 2018 dividend declared	–	–	–	–	–	–	–	(1,056,267)	(1,056,267)
Capital contributions from shareholders	3,970,870	–	–	–	–	–	–	–	3,970,870
Distribution of other equity instruments	–	–	–	–	–	–	–	(101,000)	(101,000)
Profit appropriation to reserves	–	–	139,642	–	–	–	–	(139,642)	–
Transfer to special reserve	–	14,389	–	–	–	–	–	(14,389)	–
Utilisation of special reserve	–	(14,389)	–	–	–	–	–	14,389	–
At 31 December 2019	12,235,580	–	1,439,570	(20,722)	(1,611)	1,993,618	(2,059)	2,428,083	18,072,459

53. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of Directors on 26 March 2021.

Financial Highlights for the Past Five Financial Years

(Except share data, all amounts in RMB thousands)

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2016	2017	2018	2019	**2020**
REVENUE	26,173,892	24,970,835	28,590,307	37,878,205	**56,145,827**
PROFIT BEFORE TAX	3,551,956	3,490,556	3,682,431	2,561,106	**3,273,540**
Income tax expense	(446,224)	(341,749)	(399,833)	(331,353)	**(308,064)**
PROFIT FOR THE YEAR	3,105,732	3,148,807	3,282,598	2,229,753	**2,965,476**
Profit attributable to:					
Owners of the Company	3,002,982	3,054,657	3,216,604	2,209,854	**2,963,514**
Non-controlling interests	102,750	94,150	65,994	19,899	**1,962**
OTHER COMPREHENSIVE INCOME, NET OF TAX	89,174	284,105	(455,575)	76,148	**276,157**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	3,194,906	3,338,762	2,761,029	2,285,771	**3,243,363**
EARNINGS PER SHARE:					
Basic and diluted (RMB/Share)	1.08*	0.84	0.82	0.51	**0.67**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2016	2017	2018	2019	**2020**
Cash and cash equivalents	7,534,171	6,756,114	5,027,638	6,820,780	**7,709,224**
Current assets	33,096,620	33,081,328	32,917,500	48,444,168	**44,038,265**
Non-current assets	31,340,547	39,706,513	48,446,553	54,612,916	**65,099,916**
Total assets	64,437,167	72,787,841	81,364,053	103,057,084	**109,138,181**
Current liabilities	(24,662,979)	(29,600,317)	(31,600,586)	(49,568,900)	**(47,844,833)**
Non-current liabilities	(19,075,394)	(19,712,523)	(23,288,343)	(21,263,935)	**(26,320,058)**
Total liabilities	(43,738,373)	(49,312,840)	(54,888,929)	(70,832,835)	**(74,164,891)**
Net assets	20,698,794	23,475,001	26,475,124	32,224,249	**34,973,290**
Issued share capital	2,735,541	3,556,203	3,556,203	4,225,068	**4,225,068**
Reserves	17,240,611	19,130,490	21,405,015	26,450,053	**29,943,184**
Equity attributable to owners of the Company	19,976,152	22,686,693	24,961,218	30,675,121	**34,168,252**
Non-controlling interests	722,642	788,308	1,513,906	1,549,128	**805,038**

* The EPS data was not restated.

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