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

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

Stock Code: 2208

* For identification purpose only

ANNUAL REPORT 2021

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 Corporation"	China Three Gorges Corporation (中國長江三峽集團公司), a joint stock limited company incorporated under the laws of the PRC and the parent company of China Three Gorges Energy;

"China Three Gorges 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 Corporation, and a former 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;
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report, as set out in Appendix 14 of the Listing Rules;
"CSRC"	China Securities Regulatory Commission;
"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 2021, 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), a wholly owned subsidiary of the Company, which is 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"	20 April 2022, 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;
"MSPM"	Medium speed permanent magnet, a technology that combines a) a transmission method using an impeller connected to a medium-speed gearbox (transmission ratio 10 to 70) to drive the turbine rotor; and b) electric current generated by generator rotor in which permanent magnet is used on;
"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"	year ended 31 December 2021;

"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 2021 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
"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
Mr. Wang Kaiguo

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
Mr. Lu Min
Ms. Ji Tian
Mr. Wang Yan

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
Registered Public Interest Entity Auditors

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
China Construction Bank Corporation, Xinjiang Branch
Agricultural Bank of China Limited, Xinjiang Branch
Industrial and Commercial Bank of China Limited, Xinjiang Branch

COMPANY WEBSITE

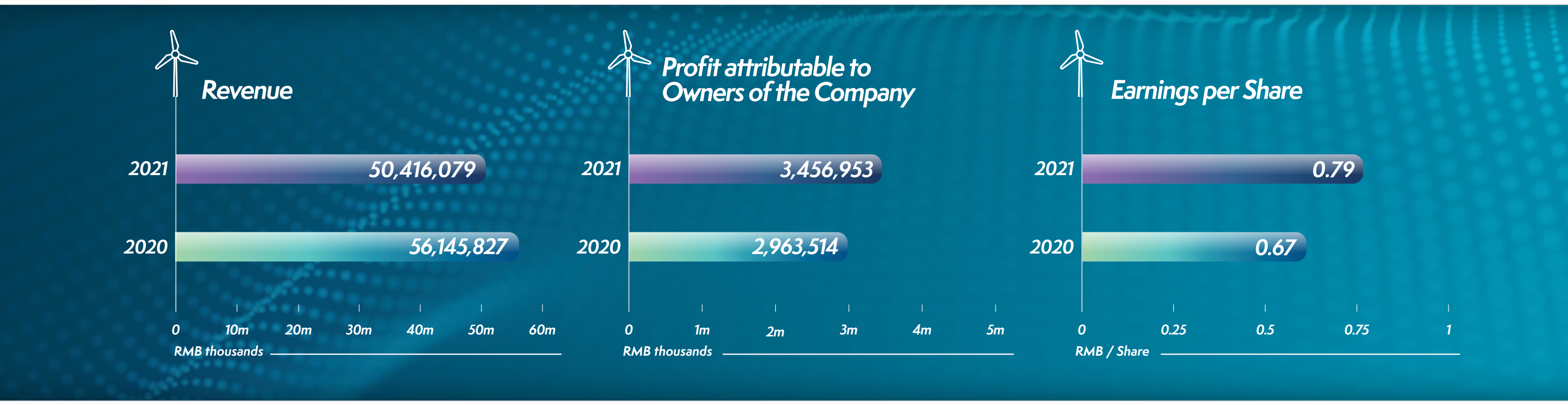
www.goldwindglobal.com

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 2021	2020	Percentage Change
REVENUE	50,416,079	56,145,827	-10.21%
PROFIT BEFORE TAX	4,339,225	3,273,540	32.55%
Income tax expense	847,748	308,064	175.19%
PROFIT FOR THE YEAR	3,491,477	2,965,476	17.74%
Profit attributable to:			
Owners of the Company	3,456,953	2,963,514	16.65%
Non-controlling interests	34,524	1,962	1,659.63%
OTHER COMPREHENSIVE INCOME, NET OF TAX	102,446	276,157	-62.90%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	3,557,083	3,243,363	9.67%
EARNINGS PER SHARE:			
Basic and diluted (RMB/share)	0.79	0.67	17.91%



SUMMARY OF SEGMENT REVENUE

(All amounts in RMB thousands)

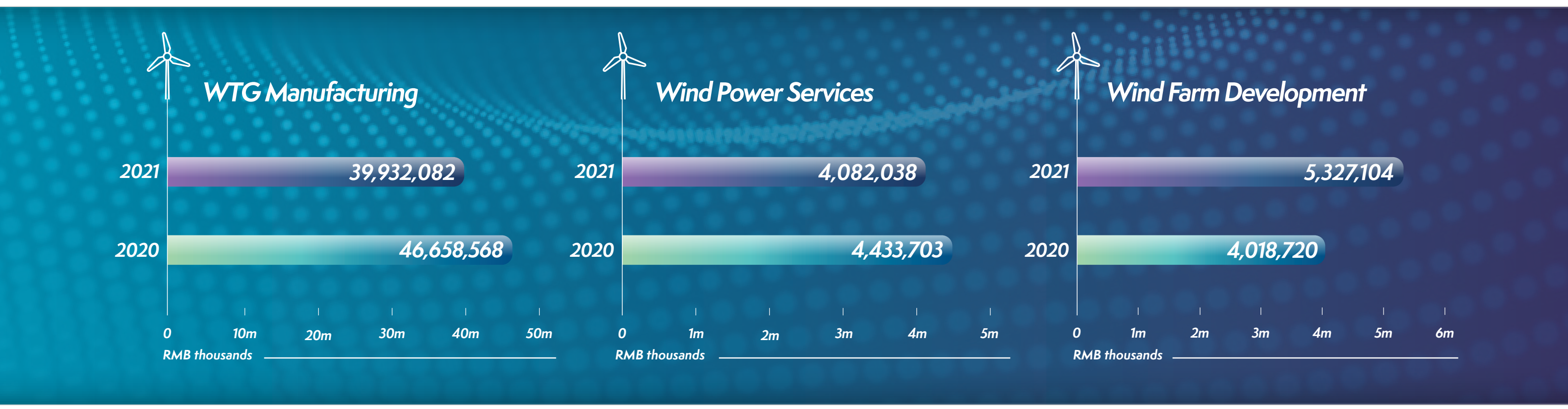
	Year ended 31 December 2021	2020	Percentage Change
WTG Manufacturing	39,932,082	46,658,568	-14.42%
Wind Power Services	4,082,038	4,433,703	-7.93%
Wind Farm Development	5,327,104	4,018,720	32.56%
Other	1,074,855	1,034,836	3.87%
Total	50,416,079	56,145,827	-10.21%

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB thousands)

	As at 31 December 2021	2020	Percentage Change
Total assets	**119,360,192**	109,138,181	9.37%
Total liabilities	**82,936,596**	74,164,891	11.83%
NET ASSETS	**36,423,596**	34,973,290	4.15%
Equity attributable to owners of the Company	**35,541,783**	34,168,252	4.02%
Non-controlling interests	**881,813**	805,038	9.54%

SUMMARY OF SEGMENT REVENUE



SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands)

	As at 31 December 2021	2020
Net cash flows from operating activities	**4,886,508**	5,377,445
Net cash flows used in investment activities	**(7,872,813)**	(5,719,254)
Net cash flows from financing activities	**3,471,317**	1,469,885
Net increase in cash and cash equivalents	**485,012**	1,128,076

Dear Shareholders:

On behalf of the Board, I hereby present to you the 2021 Annual Report of Goldwind (the "Company").

As a result of subsidy phase-out for offshore wind power in 2021, the end of the "rush-to-installation" for onshore wind power in 2020, and overcoming adverse effects of rising global raw material prices and supply chain constraints, the installation capacity of China wind power market has remained at a high level. According to the data issued by National Energy Administration (NEA), in 2021, the newly grid-connected installation in China was 47.57GW, including 30.67GW of onshore wind power and 16.90GW of offshore wind power.

With strong R&D and product technology advantages, forward-looking industrial layout and diversified profit model, Goldwind constantly pursues high-quality, high-efficiency and large-scale development. In 2021, the Group's net profit attributable to the parent company amounted to RMB3,456.95 million, representing a YoY growth of 16.65%; order backlog increased steadily, and external orders to be executed were 13,274.95MW in aggregate. According to the data released by Bloomberg New Energy Finance, in 2021, the Group's newly installed capacity in China reached 11.38GW, with a domestic market share of 20%, ranking first in China for eleven consecutive years, whereas the newly installed capacity in the globe was 12.04GW, with a global market share of 12.14%, ranking second in the world.

During the Reporting Period, the Group's revenue from the sales of WTGs and components was RMB39,932.08 million. The Group's external sales totaled 10,683.22MW in 2021, among which the sales of GW6S/8S, GW3S/4S series rose markedly, representing an increase of 305.01% and 210.27% YoY, respectively. The capacity sold of GW3S/4S unit as a percentage of the total rose to 41.65% from 11.09% in 2020. MSPM turbines achieved a breakthrough with a sales capacity of 108.50MW.

Chairman's Letter

Guided by market and customer needs, the Company adopts the "two-wheel drive" technology route composed of DDPM and MSPM, including a series of WTGs of 1.5MW, 2S, 3S/4S, 6S/8S and MSPM turbines, which are capable of sustained operation in many different environments, from high to low temperatures, high altitude, low wind speed and coastal environment. During the Reporting Period, the Company's PMDD GP21 platform has rolled out GW165-4.2 and GW171-3.6/3.85 turbines targeting the low and low-to-medium wind speed market; 3S/4S platform has rolled out GW165-5.0 turbines targeting the medium-to-high speed market; the Company has launched 5S platform products, including GW165-5.2, GW165-5.6 and GW165-6.0 turbines; 6S/8S platform unit has achieved industrialization, and GW171-6.45, GW184-6.45 and GW175-8.0 has passed type certifications. Under the background of "rush-to-installation" of offshore wind power, the Company completed the delivery and grid connection of all orders on offshore projects exceeded the total delivery of offshore projects in previous years.

During the Reporting Period, the Company launched the new-generation medium speed permanent magnet flagship products, covering three platforms and including 15 models and various tower heights adaptable to a wide range of application scenarios, such as centralized, large-base, distributed, conventional-altitude, high-altitude and offshore applications. MSPM products use super-large impeller diameter and super-high tower, which improves the overall power generation and profitability of products; through intelligent coordination such as field-level collaborative control in space and full-life control in time, the overall power generation of wind farms is expected to increase by 5 to 10 percentage points. Currently, deliveries and grid connections of the Company's MSPM turbines have been completed for a number of commercial projects in Xinjiang, Gansu and other regions.

Growth opportunities in the wind power post-warranty service market are a result of steady increase in cumulative wind installation capacity.

During the Reporting Period, relying on intelligent O&M service solution covering the whole lifecycle of wind turbines, the Company maximized efficiency and minimized costs, and has achieved good results in assets management and electricity sales. As of the end of the Reporting Period, wind farm assets under management by the Company totaled 13,038.2MW, including 7,685.7MW of external wind farm assets. In addition, relying on a competitive advantage of tariff with leading trading strategies and load side linkage, the Company provided nearly 2,000 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 20.5 billion kWh, representing a YoY increase of 43%. During the Reporting Period, the Group's revenue from the Wind Power Service business was RMB4,082.04 million, among which the Post-Warranty Service revenue totaled RMB1,967.42 million, representing an increase of 21.09% YoY.

In 2021, the Company made good progress in its wind farm investment and development activities, with continuous revenue growth and above-average hours of electricity generation utilization. The Company has achieved business breakthroughs in big base, the integration of source, grid, load and storage, technological transformation and capacity expansion of wind farms, green power parks and flexible conversion thermal power, and established strategic business presence in various provinces. The Company actively explored business in pumped storage and new types of energy storage. It has obtained project resources and stocked up considerable peak shaving capacity, thereby providing strong assurance for the development and construction of resources in wind power projects and their grid-connected operation. During the Reporting Period, the Group's power generation revenue from wind farm business was RMB5,327.10 million, representing an increase

of 32.56% YoY; the average power generation utilization hours of domestic turbines were 2,546 hours, up by 323 hours YoY; the Company's wind power assets accounted in consolidated financial statements covered 17 provinces across China.

Driven by the national "30/60" policy, the wind power industry will usher in a period of further large-scale growth, and market competition will become more intense and diversified. Facing such industry opportunities and challenges, the Company will follow the guidance of "development, efficiency improvement, innovation and transformation", and focus on customers and products to enhance its core competitiveness through innovation in technology, business models and management. Goldwind will embrace the ever-developing global market with the dual technical routes on DDPM and MSPM. Meanwhile, it will establish a comprehensive technical standard system covering the whole industrial chain and upgrade technological advantages into standard advantages to improve the competitiveness of products and technologies. It will follow the trends of national strategies, promote the service business and the product-based business of power plants, and is committed to "becoming the industry leader in the comprehensive solutions" for global energy.

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 2021, and to each of Goldwind's employees for their efforts.

Wu Gang
Chairman

Beijing, 25 March 2022

Milestones of 2021

JANUARY

- Goldwind Yizhuang Smart Park became the first renewable energy "carbon neutral" smart park.
- Goldwind, working together with a globally authoritative third party namely IVL Svenska Miljöinstitutet, jointly issued the first Environmental Product Declaration in China.

MARCH

- Goldwind won the "2020 China Green Low-carbon innovative Enterprises Award" at the "6th China Energy Development and Innovation Forum".

APRIL

- Goldwind won the "Most Influential Enterprise in the Industry" and "Public Welfare Contribution Award" at the "5th Aviva Awards" for the renewable energy power generation system.

MAY

- Guobo Phase 2 Daliang 150MW wind power project in Ningxia Tongxin Wind Power Farm, contracted by Beijing Tianyuan, a wholly-owned subsidiary of the Company, was awarded "2021 China Power Quality Project".
- Goldwind was awarded the title of the "Best Board", the "Best Board Secretary" and the "New Media Operation" under the Pegasus Award 12th China Listed Company.
- Goldwind has officially joined in United Nations Global Compact and actively involved in collaborative to promote the United Nation's sustainable development goal.

SEPTEMBER

- The first GW165-5.2MW prototype of the GW5S-series turbines was officially connected to the grid, making the beginning of a new era for the Company's onshore large MW units.

OCTOBER

- Goldwind released a new generation of MSPM-series products, a total of 15 onshore and offshore products. The new MSPM platform has high reliability, grid-friendly and high adaptability to the scenario, achieved fully upgrade in smart sensing, smart diagnosis, smart collaboration.
- Goldwind's world largest and first domestic new shaft-mounted prototype, has been successfully connected to the grid and in full operation at the Dabancheng wind power in Xinjiang.

NOVEMBER

- Goldwind was selected as one of the 2021 "China Brand Innovation Cases" by People's Daily.

DECEMBER

- Goldwind has successfully signed a contract for the Ivovik 84MW wind power project in Bosna Hercegovina, which is the largest wind farm on site in Bosna Hercegovina.
- Goldwind ranked the second at the "Top 500 ESG Companies in China".

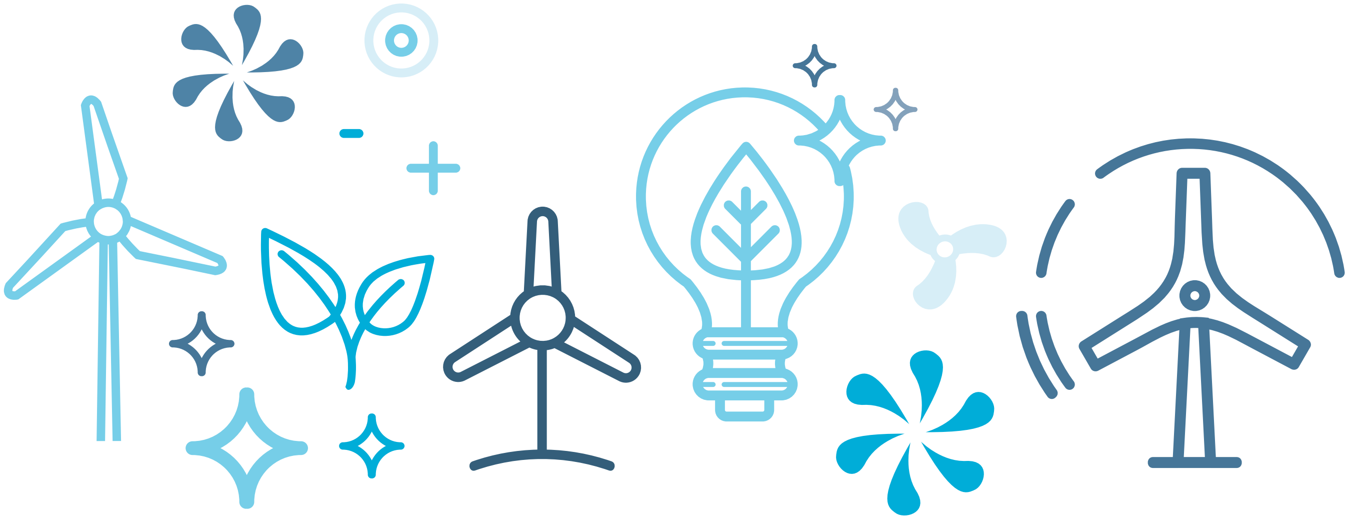
Management Discussion and Analysis

OVERVIEW

In 2021, with the persistence of influencing factors such as the mutation of COVID and the inflation, the global economy had recovered but was still facing many difficulties. The latest Word Economic Outlook released by International Monetary Fund (IMF), forecasted that the growth rate of global economy was 5.9% in 2021 including 5.0% of developed economies and 6.5% of developing economies.

Facing with tests such as complicated international environment and domestic COVID, China has achieved sustained national economic recovery through scientifical coordination between economic and social development and epidemic prevention and control. According to the data provided by National Bureau of Statistic, GDP recorded RMB114,367 billion, up by 8.1% YoY. In the context of fragile recovery of the global economy, the China economy has managed to maintain sound growth.

According to the data issued by National Energy Administration (NEA), the electricity consumption of the whole society was 8,312.8 billion kWh in 2021, representing an increase of 10.3% YoY. As at the end of December, the accumulated installed power generation capacity of China was about 2.38 billion kW, representing a 7.9% YoY increase. Among which, the accumulated installed capacity of wind power was about 330 GW, representing a 16.6% YoY increase.



In 2021, the onshore wind power in China experienced rush-to-installation and subsequently entered the first year of grid parity. According to the data issued by the NEA, the newly grid-connected installation was 47.57 GW, including 30.67GW of onshore wind power and 16.90GW of offshore wind power.

I. MAIN POLICIES REVIEW

2021 marks the start of China's 14th Five-Year Plan of wind power industry. In order to promote the quality development of renewable energy and wind power industry, the policies were persistent on achieving Carbon Peak and Carbon Neutrality goals, strengthening the top-level design of the industry, accelerating the construction of large wind power and solar power bases and other significant projects, and trying to promote the high-quality development of renewable energy. Several ministries and commissions, including the NDRC and the NEA, have issued a number of course of actions and measures for crucial fields and industries' policies, establishing the direction and strategic target of transforming wind and solar power to mainstream energy, enhancing power trading and reformation of tariff, guaranteeing the sufficient consumption of renewable energy, and providing guarantee to align with the rapid development of renewable energy. Meanwhile, according to the wind power industry, a number of implementation policies were introduced from the aspects of the development and construction, installation and grid connection, operation, and market, to ensure the smooth transition and high-quality development of the energy transformation.

1. Under the guidance of Carbon Peak and Carbon Neutrality goals, the direction and strategic target of transforming wind and solar power to mainstream energy has been established

On 11 May 2021, the NEA issued the Notice on the Development and Construction of Wind and Photovoltaic Power Generation (《關於2021年風電、光伏發電開發建設有關事項的通知》). China will seek to raise its power generation from solar and wind plants to around 11% of the country's total power consumption in 2021 and to ramp up the percentage year by year thereafter, aiming for non-fossil fuels to account for about 20% of total energy consumption by 2025.

On 24 October 2021, the Central Committee of the Communist Party of China (CCCPC) and the State Council issued the Opinion on the Fully, Accurately and Comprehensively Implementing the New Development Concept, and Achieving Carbon Peak and Carbon Neutral (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which established the Carbon Peak and Carbon Neutrality goals for 2025, 2030 and 2060. The "1+N" policy system has also been gradually established and formed.

On 26 October 2021, the State Council issued the Notice on Course of Action to Achieve Carbon Peak by 2030 (《2030年前碳達峰行動方案的通知》), stating that non-fossil fuels will account for about 25% of total energy consumption, and the installed capacity of wind and solar power will achieve to 1.2 billion kW by 2030. The notice mentioned it should make great efforts to develop new energy, promote large-scale and quality development of wind and solar power, persist in developing centralized and distributed simultaneously, accelerate the development of wind power and solar power generation bases.

2. Guaranteeing grid connection and consumption of renewable energy by taking various measures

On 25 February 2021, the NDRC and the NEA issued the Guidance on Promoting The Integration Of Source, Grid, Load And Storage 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 give full play to the adjustment ability of the load side at the same time. The enhancement of integrating wind, solar, water, thermal power and storage should be actively implemented. and the increment of integrating wind, solar (thermal) power and storage should be strictly controlled.

On 21 May 2021, the NDRC and the NEA released the Notice on Responsibility Weight of Renewable Energy Power Consumption and Related Matters (《關於2021年可再生能源電力消納責任權重及有關事項的通知》). Provinces are required to adopt flexible and effective ways through mutual consultation according to their economic development needs, resource endowment and consumption capacity, to fulfill the responsibility weight of renewable energy power consumption together. The construction of local renewable energy power should be actively promoted according to the responsibility weight of renewable energy power consumption. Provinces could carry out cross-provincial and cross-regional power trading, encouraging entities who takes the responsibility of consumption to fulfill the task of renewable energy power consumption.

On 20 October 2021, the NEA issued the Notice on Actively Promoting the Work of New Energy Power Generation Projects with Maximizing the Grid Connection and Power Generation, proposing power grid companies should follow the principle of maximizing the grid connection and power generation. In addition, the overall planning and coordination should be strengthened, and the construction of supporting grid connection of wind and solar power generation projects will be accelerated.

3. Accelerating the power trading and reformation of tariff, and establishing a market-based tariff pricing mechanism for green power.

On 7 June 2021, the NDRC released the Notice on Feed-in tariff Policy for New Energy (《關於2021年新能源上網電價政策有關事項的通知》). China will end subsidies for newly approved onshore wind power projects from the central government budget and they can voluntarily participate in the market for power trading. Feed-in tariff for newly offshore wind power projects can be formed through competitive allocation.

On 7 September 2021, the pilot program of China's green power trading was officially launched. Previously, the NDRC and the NEA officially approved the Pilot Work Plan on Green Power Trading (《綠色電力交易試點工作方案》), requiring the arrangement of fully market-oriented green power should be prioritize; and the environmental value of green power should be fully demonstrated.

4. Providing supporting guarantee for renewable energy

On 24 February 2021, the NDRC issued the Notice on Encouraging Greater Financial Support to Boost Sound and Proper Development of Wind Power and Photovoltaic Power (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》). Financial institutions are required to extend loans for confirmed entitlement to subsidies at their discretion in a market-based and lawful manner, and to support loans for confirmed entitlement to subsidies, so as to ease the liquidity strains experienced by some renewable energy enterprises.

On 8 November 2021, the People' Bank of China launched the support instrument for carbon emission reduction to support the development in crucial areas such as clean energy, energy conservation and environmental protection, and carbon emission reduction technologies. And it leverages more private funds to promote carbon emission reduction. The support instrument for carbon emission reduction provides funds to financial institutions through a direct mechanism of "loan before loan". After receiving the support instrument for carbon emission reduction, financial institutions are required to disclose the information related to the support projects of carbon emission reduction to the public on a quarterly basis for public supervision.

II. INDUSTRY REVIEW

1. China's Wind Power has taken into a new level of scale

According the statistics from NEA, in 2021, the newly installed wind power connected to the grid in China amounted to 47.57GW, including 30.67GW of onshore wind power and 16.90GW of offshore wind power were added. From the distribution of newly installation, the central and southern regions accounted for 61%, and the three northern regions accounted for 39%. The layout of wind power development has been optimized.

As of the end of 2021, the accumulated installed wind power capacity in China came in at approximately 330GW, up by 16.6% YoY and accounting for 13.8% of installed capacity of the grid. Among which, accumulated installed capacity of onshore wind power and offshore wind power was 302GW and 26.39GW, respectively.

The annual wind power generation was 652.6 billion kWh, up by 40.5%; the national wind power utilization was 2,246 hours on average; and national average wind power utilization was 96.9%, representing an increase of 0.4 percentage point.

2. China's installed offshore wind power has become the top of the world

By the end of 2021, a number of offshore wind power projects has been connected to the grid in China. According to the latest 2021 Global Offshore Wind Power Report issued by Bloomberg New Energy Finance (BNEF), the largest contributor to the increment of the newly offshore wind power installation capacity was China in 2021. Under the pressure and opportunity of grid-parity and Carbon Peak and Carbon Neutrality goals, China's offshore wind power industry shows a strong flexibility and a huge potential, which provides a solid foundation for the smooth transition of industry and the exploration and practice of the deep sea in the stage of 14th Five-Year.

3. The trend of large-sized wind turbines development is accelerating

In recent years, the trend of large-sized wind turbines development has become increasingly apparent. According to the relevant statistics from the National Technical Committee for the Standardization of Wind Machinery, average power of China's annual newly installed wind turbines increased from 2.2MW to 2.7MW, representing a year-on-year increase of 23%, from 2018 to 2020. Over the same period, the share of 4MW-series turbines or higher increased from 6% to more than 10% in China's annual newly installed wind turbines. The trend of large-sized wind turbines not only improves the power generation of a unit, but also effectively reduces the cost of wind power generation. At the same time, the acceleration of the trend of large-sized wind turbines improves the requirements for the R&D of the wind turbines and the supply chain, requiring the coordinated development of the whole industrial chain.

III. MAIN BUSINESS ANALYSIS

The Company is mainly engaged in three primary activities namely WTG manufacture, wind power services and wind farm investment and development and other activities such as water treatment, that provide the Company with diversified sources of profitability. Drawing from the Company's extensive experience in R&D and manufacturing of WTGs and wind farm construction, the Company is able to provide its customers with high quality WTGs as well as comprehensive solutions which include wind power services and wind farm investment and development, allowing the Company to meet its customers' demand in multiple segments of the wind power industry's value chain. The Company adopts the "two-wheel drive" technology route composed of DDPM and MSPM, including a series of WTGs of 1.5MW, 2S, 3S/4S, 6S/8S and medium speed permanent magnet products, which are capable of sustained operation in many different environments, from high to low temperatures, high altitude, low wind speed and coastal environments. In terms of market expansion, the Company has actively expanded into the global wind power market while consolidating the domestic market, with development spreading across six continents.

During the Reporting Period, the Company's operating revenue was RMB50,416.08 million, representing a decrease of 10.21% YoY. Net profit attributable to owners of the Company was RMB3,456.95 million, representing an increase of 16.65% YoY.

i. WTG R&D, Manufacturing and Sales

According to Bloomberg New Energy Finance ("BNEF"), the Company added 11.38GW of domestic installed capacity in 2021, with a domestic market share of 20%, ranking first in China for eleven consecutive years. The Company added 12.04GW of installed capacity in the globe, with a global market share of 12.14%, ranking second in the world.

1. WTG Manufacturing and Sales

During the Reporting Period, the Group's revenue from the sales of WTGs and components was RMB39,932.08 million. The Group's external sales totaled 10,683.22MW in 2021, among which the sales of GW6S/8S, GW3S/4S series rose markedly, representing an increase of 305.01% and 210.27% YoY, respectively.

The capacity sold of GW6S/8S unit as a percentage of the total rose to 18.26% from 3.72% in 2020, and the capacity sold of GW3S/4S unit as a percentage of the total rose to 41.65% from 11.09% in 2020. MSPM turbines achieved a breakthrough with a sales capacity of 108.50MW.

The following table lists out details of the Group's WTG sales in 2021 and 2020:

Model	Year ended 31 December 2021 Units	Capacity (MW)	2020 Units	Capacity (MW)	Change in %
MSPM	19	108.50	–	–	–
6S/8S	299	1,950.75	73	481.65	305.01
3S/4S	1,090	4,449.42	388	1,434.06	210.27
2S	1,497	4,114.40	4,436	10,714.30	–61.60
1.5MW	40	60.15	200	301.65	–80.06
Total	2,945	10,683.22	5,097	12,931.66	–17.39

During the Reporting Period, the Company had 13,274.95MW external orders to be executed, including 25.50MW of 1.5MW unit, 2,852.80MW of 2S platform unit, 7,863.85MW of 3S/4S platform unit, 2,532.80MW of MSPM turbines. The Company had 3,599.75MW of external unsigned contract orders, including 347.00MW of 2S platform unit, 968.60MW of 3S/4S platform unit, 2.284.15MW of MSPM turbines. The Company's external order totaled 16,874.70MW, including 2,281.70MW overseas orders. In addition, the Company had 557.70MW of internal orders.

2. R&D and Certification

Quality growth has become the must-have choice 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 resources and technology advantages from the eight major R&D centers, accelerated technological change of products, enriched its product series of smart WTGs, and promoted technological innovation and digital transformation.

a. *Product R&D and Mass Production*

Focusing on product and technology leadership strategy and "two-wheel drive" technology route, the Company has optimized and upgraded the existing PMDD platform and products and released 15 flagship models of MSPM platform to meet the demand of the market and customers.

(i) PMDD WTGs

Applied technologies such as load control, power generation enhancement, health and safety diagnosis and alarm, fault troubleshooting and fault ride-through, the GP21 platform has rolled out GW165-4.2 and GW171-3.6/3.85 turbines to upgrade versions of GW165-4.0 turbines and to offer high quality products with higher generation performance and more adaptability for the sake of low-wind-speed & medium-to-low-wind speed resources.

With respect to medium-to-high-speed wind resources, the Company has launched GW165-5.0 turbines of 3S/4S platform, which has passed design and type certifications. The product is designed and developed on the mature 4S platform, with high reliability and economy. Combining radar-assisted load control technology, power generation enhancement technology, and two-wire control technology, the turbine is able to meet customer-specific demand with customization by fully utilizing different environmental conditions on on each project site.

In addition, the Company has launched 5S platform products globally, including GW165-5.2, GW165-5.6 and GW165-6.0 turbines, which are designed with innovative technologies such as single blade hoisting, three-level converter and constant pressure pitch. With design taking into account the diversity and complexity of global wind power market, the turbine can work in the most demanding environment such as weak-current grid, high-temperature and humidity, high altitude and low noise level. The development of 5S platform unit has inherited the advantages of 3S/4S platform and GP21 platform and adopted the platform-based and modular development concept to increase power generation by 16% compared to that generated of previous products. The first prototype of the GW165-5.2、GW165-5.6 turbines has completed installation, passed design certifications of DNV and CGC. The first order has been successfully won in South Africa.

Goldwind is continuously committed to independent R&D of offshore products and smoothly achieved the transition of offshore products to the “era of grid parity”. 6S/8S platform unit has achieved industrialization, and GW171-6.45, GW184-6.45 and GW175-8.0 has passed type certifications. Facing the “rush to installation” of offshore wind turbines in 2021, the Company completed the delivery and grid connection of all orders on offshore projects exceeded the total delivery of offshore projects in previous years. The GW184-6.45 model was honored with the 2021 World’s Best Wind Turbine by Windpower Monthly with its outstanding market performance; and GW175-8.0 is the first 8MW-unit type completing the on-grid adaptability test in China. In addition, GW175-6.0, an offshore low-wind-speed parity model, was under stable development and the prototype was released at the Dafeng Final Assembly Plant in November 2021. It has won bids for the 300MW project in Changyi, Shandong Province in its first order.

(ii) MSPM WTGs

During the Reporting Period, the Company launched the new-generation medium speed permanent magnet flagship products, covering three platforms and including 15 models and various tower heights adaptable to a wide range of application scenarios, such as centralized, large-base, distributed, conventional-altitude, high-altitude and offshore applications.

Goldwind started its research in medium-speed permanent magnet + full power converter technology in 2007 and a small volume of projects have been in stable operation for over 10 years. On the back of research and developments efforts as well as experience drawn from on-site implementation over the years, the new generation of medium-speed permanent magnet products have been launched, featuring a more reasonable chain gearing design, sound operating conditions of the generator gearbox and high overall reliability, among others.

Meanwhile, the medium-speed permanent magnet products have inherited the excellent features of the permanent magnet direct drive (PMDD) generation unit, sharing 90% of the materials used in a PMDD technology-based generation unit to replicate advantages such as the advanced technological level and high reliability of the PMDD generation unit, high generation volume of the permanent magnet generator, as well as low wear-and-tear ratio and ease in grid connection of the full power converter. The continued application in the current product generation of the substantial experience in design in connection with wind resources, blade aerodynamics, complete unit development, design of key parts and components, intelligent control and advanced grid connection technology and other aspects, coupled with a regime of shared services with the direct drive generation unit, has ensured that the advantage of Goldwind services is sustained.

Moreover, the design concepts of platform-based operation, modulization and serialization have been introduced for Goldwind's current generation of medium-speed permanent magnet products at the preliminary stage of design. The scalability of the platform enables swift generational upgrade and development of products, while the application of a highly universal module reduces purchase costs and complications in delivery. Meanwhile, the development of serialized platforms helps to maintain flexibility in the market.

Goldwind has secured a large volume of orders on hand for medium-speed permanent magnet generation units soon after the launch and facilitated speedy delivery. Currently, deliveries and grid connections have been completed for a number of commercial projects in Xinjiang, Gansu and other regions.

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

Goldwind always attaches importance to R&D investment and actively carried out new product certification. By protecting core technologies through intellectual proper, the number of patent at home and abroad kept increasing, and the patent application structure has been optimized continuously.

In 2021, Goldwind received 164 wind turbines certificates in total, including 87 design and assessment certificates and 77 type certificates, 131 domestic turbines certificates and 33 foreign turbines certificates.

As at 31 December 2021, the Company had 4,896 patent applications in China, including 2,819 invention patent applications, accounting for 57.58% of the total. The Company obtained 3,429 patent licenses in China, including 1,446 invention patent licenses, accounting for 42.17%. The Company had 713 patent applications and 317 patent licenses at abroad.

The Company actively participated in the formulation and revision of domestic and international standards for wind power technology. By the end of 2021, Goldwind participated in the formulation and revision of 31 International Energy Commission (IEC) standards, led the formulation for one standard, and was a participant in 12 International Energy Agency (IEA) projects. The Company participated in the formulation and revision of 284 domestic standards, including 112 national standards, 123 industrial standards and 49 regional and association standards, among which 189 were already published.

3. Quality Management

The Company always considers quality leadership as a key element to the core comprehensiveness of its product. "Doing things right in the first place" defines the Company's quality culture. In terms of business enhancement and management innovation, the Company seeks controllable risks through quality management concept of "excellent system, strong prevention and risk control", to produce high quality products and to promote double growth in scale and efficiency.

In 2021, the Company promoted the construction and implementation for a reliability system from raw materials, turbines to wind farms at all levels, established a turbine alarm system with major unit risk alerts as the core, and promoted the construction of wind farms with trouble-free operation. The Company imposed prevention and control throughout the product lifecycle and the project process and built a customer-oriented closed-loop quality management system.

During the Reporting Period, the Company continuously expanded the depth and breadth of quality management work. With the combination of APQP (Advanced Product Quality Planning) and FMEA (Failure Mode and Effects Analysis), the Company has established project quality guarantee plans, deepened risk management on project quality and achieved advanced quality management. The recently added TPD (Technology Platform Development) quality domain process facilitates quality control on technological research projects in a bid to fulfil the quality vision on "High-quality Products and Reliable Goldwind".

Relying on the establishment, optimization and iteration of the ITR (Issue To Resolution) process and by improving the quick response mechanism on customers' issues, the Company established the information-based management platform on businesses within the warranty period from the perspective of customers, optimized control methods and strategies, guaranteed the smooth and efficient operation of process and achieved continuous improvement of efficiency in handling quality issues.

ii. Wind Power Service

Growth opportunities in the wind power post-warranty service market 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.

During the Reporting Period, the Company drove service transformation and the shift from O&M to asset management, and pursued the core values of safety, efficiency, maximum generation and value, by providing customers and the industry with solutions that enable maximum running rate of existing assets and high development. During the Reporting Period, the Company entered into asset management cooperation with for an 800MW wind farm with a large-sized energy and power group and provided discretionary asset management services. At the same time, taking advantage of the localized and rapid response of the national service network layout, the Company has formed years of spare parts supply cooperation with this customer.

Focusing on green energy investment and value chain, the Company constantly improves the operating efficiency of assets under the condition of asset safety, reliable operation, driven by digitalization, technological empowerment and model innovation. As of the end of the Reporting Period, wind farm assets under management and by the Company totaled 13,038.2MW, including 7,685.7MW of external wind farm assets.

In terms of power sales service, focusing on customer value and market trends and aiming to develop the core capabilities on power sales in regions carrying out spot transactions, the Company developed the AI ALPHA aggregation platform, which represents a breakaway from the single competition model of quotation with the provision of overall solutions on the load side, enabling the customers to enjoy power sales and payment services, as well as low-cost, low-risk and low-carbon power consumption integrated source, grid, load and storage solution. The Company currently has six electricity sales companies with business scope covering Jiangsu, Shandong, Shanxi, Xinjiang, Shaanxi, Sichuan, Henan, Beijing, Tianjin, Hebei and other regions. In combination with the opportunity of national power reform, the Company has a competitive advantage of tariff with leading trading strategies and load side linkage providing nearly 2,000 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 20.5 billion kWh, representing a year-on-year increase of 43%.

When it comes to the revamping of outdated wind turbines, the Company has been committed to seeking out technical solutions that offer higher reliability and better economy. A project in Jilin replaced 11 GW1S units and improved its annual equivalent utilization hours by approximately 1,800 hours and power generation by approximately 197%. Leveraging its outstanding end-to-end chain coordination and organizational capabilities for project construction, it was connected to the grid for power generation 13 days ahead of schedule.

As of the end of the Reporting Period, the Company's post warranty projects under operation at home and abroad totaled 23,144MW.

During the Reporting Period, the Group's revenue from the Wind Power Service business was RMB4,082.04 million, among which the Post-Warranty Service revenue totaled RMB1,967.42 million, representing an increase of 21.09% YoY.

iii. Wind Farm Investment and Development

In 2021, the Company made good progress in its wind farm investment and development activities, with continuous revenue growth and above-average hours of electricity generation utilization, achieving value retention and appreciation of wind farm investments.

Centering on the "14th Five-year Plan" of the state and energy policies and planning layouts of all provinces, the Company focused on key provinces and intensively deeply explored resources development in various provinces, cities and counties based on the types of resources. It has achieved business breakthroughs in big base, the integration of source, grid, load and storage, technological transformation and capacity expansion of wind farms, green power parks and flexible conversion thermal power. It has established strategic business presence in various provinces, actively conducted the wind riding campaign in thousands of townships and villages and developed zero-carbon parks and ports. It carried out cooperation with JD Logistics, COSCO Shipping and other well-known enterprises in China on carbon reduction and green power, formulated sophisticated carbon neutrality solutions on eight industries and conducted cooperation with key enterprises. Based on national strategies, the Company actively explored business in pumped storage and new types of energy storage. It has obtained project resources and stocked up considerable peak shaving capacity, thereby providing strong assurance for the development and construction of resources in wind power projects and their grid-connected operation.

During the Reporting Period, the grid-connected installed capacity of new interests in wind farms run by Company at home and abroad amounted to 1,408.39MW, and that of transferred interests was 827.47MW. As of the end of the Reporting Period, the grid-connected installed capacity of global cumulative interests totaled 6,068.20MW and the attributable capacity in wind farms under construction was 2,594.88MW.

During the Reporting Period, the Group's power generation revenue from wind farm business was RMB5,327.10 million, representing an increase of 32.56% YoY. During the Reporting Period, gain on disposal of equity investment in wind farms totaled RMB949.45 million.

As the end of the Reporting Period, the Company's wind power assets accounted in consolidated financial statements covered 17 provinces across China. During the Reporting Period, the average power generation utilization hours of domestic turbines were 2,546 hours, up by 323 hours YoY. The Company's domestic power generation accounted in the consolidated financial statements was 9.668 billion kWh, and on-grid power generation was 9.43 billion kWh.

Item	Reporting Period	Corresponding period last year
Domestic projects		
Total installed capacity (0' 000 kW)	561.58	523.97
Installed capacity of new generators in operation (0' 000 kW)	120.36	105.81
Planned installed capacity of approved projects (0' 000 kW)	197.9	230.1
Planned installed capacity of projects under construction (0' 000 kW)	201.36	203.15
Power generation (000 million kWh)	96.68	77.24
On-grid power generation or electricity sales (000 million kWh)	94.3	74.88
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 (%)	2.46%	3.05%
Utilization hours of power plants (hours)	2,546	2,223
International Projects		
Total installed capacity (0' 000 kW)	45.24	24.76
Installed capacity of new generators in operation (0' 000kW)	20.48	17.95
Planned installed capacity of projects under construction (0' 000 kW)	58.13	78.61
Power generation (000 million kWh)	11.8	7.6
On-grid power generation or electricity sales (000 million kWh)	11.6	7.5
Average power consumption rate of power plants (%)	2%	2%
Utilization hours of power plants (hours)	2,756	2,764

In terms of engineering construction, the Company vigorously overcame various adverse effects of the changing market environment, the outbreak of floods and disasters and the reoccurrence of the pandemic, optimized the project management mechanism and significantly improved the completion efficiency and delivery quality for project construction through various measures such as advanced design plans, optimized procurement models, enhanced risk management and end-to-end cost control and standardized project management.

In terms of production management, the Company enhanced acceptance inspection for grid-connection to ensure the successful operation of projects without significant quality defects after starting power transmission. Focused on the improvement of the reliability of equipment and the value preservation and appreciation of assets, the Company conducted analysis on key indicators, deepened benchmarking with indicators, identified, rectified and solved problems in the production process in a timely manner. Meanwhile, it actively carried out analysis and application of technical data, technological upgrade for equipment, rectification of low-efficiency units and other measures to effectively improve the capabilities of assets at wind farms for maximum generation. Major production and operation indicators have reached the advanced level in the industry.

During the Reporting Period, the Quannan Tian Paishan project of the Company was awarded the "National Demonstration Project on Water and Soil Conservation" in 2021 by the Ministry of Water Resources. The two wind power projects in Cangjie, Nanle and Xiaohuang, Dongxiang District were awarded the certificate of "High-quality Power Projects in China" in 2021 by Electric Power Construction Association. The Dabancheng integration wind farm was awarded the certificate of honor of "Five-star Level of Maturity in On-site Management" issued by China Association for Quality.

iv. Water Treatment Business

Leveraging on zero-carbon solutions and advanced core technologies on water treatment, Goldwind actively advanced the construction of digital, green and smart water plants and promoted the green reform in the water industry. In 2021, the Company achieved remarkable results in the value growth of existing assets, market expansion in industrial waste water treatment, smart water and other fields.

In terms of the value-added business, the Company conducted the upgrading and transformation of some sewage treatment projects. Currently, water treatment with the effluent quality reaching first-class A or above standards under the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) accounts for 95.09% of the total volume of waste water treatment by Goldwind Environmental Protection.

In terms of the expansion in industrial waste water treatment business, the Company won bids for the package on the reuse of reclaimed water under the water treatment and recycling project of Shanxi Synthetic Biological Industry Ecological Park, the largest reclaimed water reuse and membrane concentration project in China. The successful signing of the contract on the project will improve the Company's reputation in the industry and boost its business expansion in the future.

In terms of smart water, the digital platform of water plants has completed the construction of the expert service module and the asset management module. It achieved monthly inspections on water plants and real-time monitoring on the production, water output and real-time data of companies and sent alarms on non-compliant water output. Meanwhile, it established online accounts of corporate assets based on the encoding rules on assets and improved the efficiency in asset management.

As of the end of the Reporting Period, the Company owned 68 water treatment companies covering 33 cities, with water treatment scale of 4.0 million tons per day.

The Company was awarded the "2020 Most Professional Operational Operation Service Enterprise" in the 2021 (19th) Water Business Strategy Forum.

During the Reporting Period, the Company's revenue from water operation business totaled RMB734.09 million, an increase of 45.08% YoY.

v. Major Subsidiaries

As at 31 December 2021, the Group had 648 subsidiaries, including 48 directly owned subsidiaries and 600 indirectly owned subsidiaries. In addition, the Group had 18 joint ventures, 32 associated companies and 20 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/for the year ended 31 December 2021
Unit: RMB

No	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets	Revenue from Operations	Net Profits
1	Beijing Tianrun New Energy Investment Co., Ltd.	555,000	48,238,560,850.69	14,464,532,390.26	4,912,347,052.57	2,394,792,372.27
2	Jiangsu Goldwind Technology Co., Ltd.	75,961	6,718,333,930.68	2,407,304,434.31	8,439,732,109.41	571,854,158.06
3	Goldwind Investment Holdings Co., Ltd.	100,000	3,279,201,234.25	2,627,143,154.56	30,010.40	409,079,079.90

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 report.

Summary

For the year ended 31 December 2021, the Group's operating revenue was RMB50,416.08 million, representing a decrease of 10.21% compared with RMB56,145.83 million for the year ended 31 December 2020. Net profit attributable to owners of the Company was RMB3,456.95 million, representing an increase of 16.65% compared with RMB2,963.51 million for the year ended 31 December 2020. The Group reported basic earnings per share of RMB0.79.

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

Financial indicators	Year ended 31 December 2021	2020	Change (percentage points)
Profitability Index			
Profit margin attributable to owners of the Company	**6.86%**	5.28%	1.58
Return on investment index			
Weighted average return on net assets*	**10.72%**	9.51%	1.21

* 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 mainly from: (i) WTG Manufacturing and Sale; (ii) Wind Power Services; (iii) Wind Farm Development; and (iv) Others. Revenue from WTG Manufacturing and Sale was mainly generated through sales of WTGs and components. Revenue from Wind Power Services was mainly generated through wind farm construction, post-warranty services, asset management services, finance services. etc. Revenue from Wind Farm Development was mainly generated from the sale of wind power generation service provided by the Group's wind farms. Revenues from other business segments include revenues from water operation business, etc.

For the year ended 31 December 2021, The Group's operating revenue was RMB50,416.08 million, representing a decrease of 10.21% compared with RMB56,145.83 million for the year ended 31 December 2020. Details are set out as below:

Unit: RMB thousand

Revenue	Year ended 31 December 2021	2020	Amount Change	Percentage Change
WTG Manufacturing	**39,932,082**	46,658,568	(6,726,486)	–14.42%
Wind Power Services	**4,082,038**	4,433,703	(351,665)	–7.93%
Wind Farm Development	**5,327,104**	4,018,720	1,308,384	32.56%
Others	**1,074,855**	1,034,836	40,019	3.87%
Total	**50,416,079**	56,145,827	(5,729,748)	–10.21%

During the Reporting Period the Group's revenue decreased mainly due to: (i) In 2021, as the offshore wind power experienced rush-to-installation, the Company completed the delivery and grid-connection for all offshore projects, while onshore wind power entered the era of grid-parity leading to decreased sale capacity of WTGs YoY; (ii) during the Reporting Period, the decline in revenue from wind farm engineering and construction overseas leading to decreased revenue from wind power services YoY; (iii) during the Reporting Period, the growing capacity of operational wind farms of the Group, along with greater hours of power generation led to the YoY increase in the revenue from wind farm development; and (iv) during the Reporting Period, water operation business maintained sound development, leading to increased revenue from other business services YoY.

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, intangible assets and right-of-use 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 2021	2020	Amount Change	Percentage Change
Raw materials and components	**36,840,222**	41,837,419	(4,997,197)	–11.94%
Labour	**541,712**	371,624	170,088	45.77%
Depreciation and amortisation	**2,044,730**	1,749,303	295,427	16.89%
Other production costs	**4,002,162**	3,575,982	426,180	11.92%
Changes in inventories and transferred assets	**(4,199,804)**	(1,035,988)	(3,163,816)	305.39%
Total	**39,229,022**	46,498,340	(7,269,318)	–15.63%

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

Unit: RMB thousand

Cost	Year ended 31 December 2021	2020	Amount Change	Percentage Change
WTG Manufacturing	**32,978,060**	40,192,017	(7,213,957)	–17.95%
Wind Power Services	**3,590,631**	4,555,300	(964,669)	–21.18%
Wind Farm Development	**1,748,658**	1,304,340	444,318	34.06%
Others	**911,673**	446,683	464,990	104.10%
Total	**39,229,022**	46,498,340	(7,269,318)	–15.63%

The decrease in cost of sales of the Group was mainly caused by the decrease in operating income of the Group in 2021.

Gross Profit

Unit: RMB thousand

Gross Profit	Year ended 31 December 2021	2020	Amount Change	Percentage Change
WTG Manufacturing	**6,954,022**	6,466,551	487,471	7.54%
Wind Power Services	**491,407**	(121,597)	613,004	–504.13%
Wind Farm Development	**3,578,446**	2,714,380	864,066	31.83%
Others	**163,182**	588,153	(424,971)	–72.26%
Total	**11,187,057**	9,647,487	1,539,570	15.96%

Gross profit of the Group mainly comes from WTG Manufacturing business and Wind Farm Development business. During the Reporting Period the gross profit increased YoY mainly due to: (i) In 2021, as the offshore wind power experienced rush-to-installation, the Company's sale capacity of offshore WTGs increased by 396.98% YoY, leading to an increase in gross profit for WTG manufacturing segment by 7.54% YoY; (ii) The increase in post-warranty service revenue and the decrease in low-margined overseas EPC revenue YoY leading to increased gross profit for wind power service business; (iii) With the growing capacity of grid-connected wind farms held by the Company, the gross profit for Wind Farm Development business increased by 31.83% YoY.

For the year ended 31 December 2021 and 2020, the Group's comprehensive gross profit margins were 22.19% and 17.18%, respectively. The gross profit margins for the WTG Manufacturing segment were17.41% and 13.86%, respectively. The following table sets out the gross profit margins for WTGs (prepared in accordance with CASBE):

Gross Profit Margin	Year ended 31 December 2021	2020	Change (percentage points)
MSPM	**7.26%**	–	–
6S/8S	**27.98%**	20.16%	7.82
3S/4S	**13.17%**	14.11%	–0.94
2S	**13.66%**	13.85%	–0.19
1.5MW	**22.57%**	26.19%	–3.62

During the Reporting Period, gross profit margin for WTG product of 6S/8S series increased by 7.82 percentage points YoY.

Other Income and Gains, Net

Other income 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), gain on disposal of associates and joint ventures, interest income, fair value gain, 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 RMB2,784.10 million for the year ended 31 December 2021, representing an increase of 29.66% compared with RMB2,147.24 million for the year ended 31 December 2020. This was mainly caused by the increase in gain on disposal of interests in associates and joint ventures, government grants, interest income, fair value gains, etc. Such increase was offset by the decrease in gain on re-measurement of the remaining equity interests in investees at the date of losing control, etc.

Selling and Distribution Expenses

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

Selling and distribution expenses of the Group for the year ended 31 December 2021 was RMB3,173.72 million, representing a decrease of 13.08% compared with RMB3,651.45 million for the year ended 31 December 2020. This was mainly caused by the reduction for delayed operation expenses,etc. Such decrease was offset by the increase in staff costs, product warranty provisions, 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 2021 was RMB3,529.85 million, maintaining roughly the same level compared with RMB3,485.14 million for the year ended 31 December 2020.

Impairment losses under expected credit loss model, net

The Group's impairment losses under expected credit loss model primarily consisted of impairment losses on trade receivables, other receivables, finance receivables, contract assets, etc.

Impairment losses under expected credit loss model for the year ended 31 December 2021 was RMB707.59 million, representing an increase of 373.15% compared with net loss of RMB149.55 million for the corresponding period in 2020.

Details of impairment losses under expected credit loss model are as follows:

Unit: Million RMB

Item	2021	2020	Amount change	Percentage change
Impairment losses of trade receivables	**552.54**	62.07	490.47	790.19%
Impairment losses of financial receivables	**54.52**	4.06	50.46	1242.86%
Impairment losses of other receivables	**96.40**	83.22	13.18	15.84%
Impairment losses of contract assets	**4.18**	0.41	3.77	919.51%
Impairment losses of other non-current financial assets	**(0.05)**	(0.21)	0.16	–76.19%
Total	**707.59**	149.55	558.04	373.15%

Main reasons for the increase in impairment losses under expected credit loss model during the Reporting Period include:

1. During the Reporting Period, due to the fact that several customers had experienced material financial difficulties, adverse changes in operating or financial conditions, breach of contract, default or overdue payments for principal or interest, the Group, in the estimation that trade receivables may not be collected in full, therefore performed test with ECL model on an individual basis to evaluate the expected loss for trade receivables and recognized impairment loss of RMB525.77 million; as a result of improved long-aging receivables management, the Group had collected several customers' receivables during the Reporting Period, therefore made reversal of impairment of trade receivables on an individual basis of RMB27.96 million; the Group performed test with ECL model on a collective basis to evaluate the expected loss for trade receivables and recognized impairment loss of RMB54.73 million; the total amount of impairment loss recognized during the Reporting Period for trade receivables was RMB552.54 million.

2. During the Reporting Period, the Group performed test with ECL model on an individual basis for certain water treatment plants' financial receivables under service concession agreements and recognised impairment loss of RMB60.37 million; the Group performed ECL test on a collective basis for the other financial receivables and made reversal of impairment of RMB5.85 million; the total amount of impairment recognised during the Reporting Period for financial receivables was RMB54.52 million

3. During the Reporting Period, the Group performed test with ECL model and recognized impairment loss of RMB96.40 million for other receivables, impairment loss of RMB4.18 million for contract assets, reversal of impairment of RMB0.05 million for other non-current financial assets.

Details of impairment losses under expected credit loss model during the Reporting Period refer to Notes 8, 26, 27, 28, 29 to the consolidated financial statements.

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 2021 the Group's other expenses were RMB1,380.35 million, representing an increase of 123.29% compared with RMB618.20 million for the year ended 31 December 2020. This was mainly attributable to the increase in impairment loss of long-term assets.

Details of impairment of long-term assets are as follows:

Unit: Million RMB

Items	2021	2020	Amount change	Percentage change
Impairment losses of other intangible assets	**612.51**	–	612.51	100.00%
Impairment losses of property, plant and equipment	**143.19**	151.53	(8.34)	–5.50%
Impairment losses of Goodwill	**175.68**	18.11	157.57	870.07%
Total	**931.38**	169.64	761.74	449.03%

During the Reporting Period, the Group performed impairment tests on other intangible assets, property, plant and equipment, Goodwill and recognized impairment losses.

1. As the rapid development of technology and market environment has shortened the cycle of production iteration, the Group actively carried out plans for new product development and for slimming down product lines to meet market demand, and performed impairment test for development cost and some other intangible assets with impairment indicator. Key inputs used to estimate the recoverable amount include predicted order, sale price and predicted margin. The Group recognized impairment losses based on the difference between recoverable amount and book value of the assets, as follows:

   (i) The Group performed impairment test on certain patents and technology know-how with carrying amounts of RMB258.52 million. The recoverable amounts of these intangible assets have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of RMB31.01 million after deducting the impairment loss of RMB227.51 million.

   (ii) The Group performed impairment test on certain development costs with carrying amount of RMB324.75 million. The recoverable amounts of these development costs have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of Nil after deducting the impairment loss of RMB324.75 million.

2. As the result of changes in tax rates,etc, in a foreign country, impairment indicator exist for the Group's wind power projects located in this country. The Group has engaged independent appraisers to perform impairment test on the intangible assets and property, plant and equipment of the wind power projects. Key inputs used to estimate the recoverable amount include electricity price and weighted average cost of capital. Based on the difference between the recoverable amount and the book value of the assets, the Group recognized impairment loss of RMB43.52 million for wind farm development and operating permit and impairment loss of RMB109.31 million for the property, plant and equipment during the Reporting Period.

3. The Group has engaged independent appraisers to perform impairment test for the goodwill of Vensys Energy AG, the subsidiary located in Germany. Based on the result of impairment test, the Group recognised impairment loss of RMB175.68 million for Goodwill during the Reporting Period.

Details of assets impairment during the Reporting Period refer to Notes 8, 15, 17, 18 to the consolidated financial statements

Finance Costs

For the year ended 31 December 2021 the Group's finance costs were RMB1,149.12 million, representing an increase of 30.43% compared with RMB881.01 million for the year ended 31 December 2020. This was mainly due to the increase in interest expenses for interest-bearing bank and other borrowings.

Income Tax Expense

For the year ended 31 December 2021 the Group's income tax expense was RMB847.75 million, representing a increase of 175.19% compared with RMB308.06 million for the year ended 31 December 2020. This was mainly due to increased taxable profit compared with prior year.

Financial Position

As of 31 December 2021 and 31 December 2020, the Group's total assets were RMB119,360.19 million and RMB109,138.18 million, respectively. Total current assets were RMB47,935.93 million and RMB44,038.27 million, respectively. The ratio of current assets to total assets were 40.16% and 40.35%, respectively. The increase in current assets was mainly due to the increase in trade and bills receivables, disposal groups classified as held for sale, cash and cash equivalents, derivative financial instrument, etc. Such increase was offset by the decrease in inventories, etc.

As of 31 December 2021 and 31 December 2020, the Group's total non-current assets were RMB71,424.26 million and RMB65,099.92 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 other intangible assets as a result of increased water treatment operating concessions, the increase in financial receivables, the increase in non-current portion of prepayments, other receivables and other assets. Such increase was offset by the decrease in contract assets, etc.

As of 31 December 2021 and 31 December 2020, the Group's total liabilities were RMB82,936.59 million and RMB74,164.89 million, respectively. Total current liabilities were RMB49,886.07 million and RMB47,844.83 million, respectively. The increase in current liabilities was mainly due to the increase in trade payables. Such increase was offset by the decrease in other payables and accruals,etc.

As of 31 December 2021 and 31 December 2020, the Group's total non-current liabilities were RMB33,050.52 million and RMB26,320.06 million, respectively. This was mainly due to the increase in interest-bearing bank and other borrowings, provision, etc.

As of 31 December 2021 and 31 December 2020, the Group's net current liabilities were RMB1,950.14 million and RMB3,806.57 million, respectively. The Group's net assets were RMB36,423.60 million and RMB34,973.29 million, respectively.

As of 31 December 2021 and 31 December 2020, the Group's cash and cash equivalents were RMB8,141.30 million and RMB7,709.22 million, respectively. The interest-bearing bank and other borrowings were RMB31,277.39 million and RMB25,555.17 million, respectively.

Financial Resources and Liquidity

Unit: RMB thousand

	Year ended 31 December	
	2021	2020
Net cash flows from operating activities	**4,886,508**	5,377,445
Net cash flows used in investment activities	**(7,872,813)**	(5,719,254)
Net cash flows from financing activities	**3,471,317**	1,469,885
Net increase in cash and cash equivalents	**485,012**	1,128,076
Cash and cash equivalents at beginning of the year	**7,705,323**	6,807,417
Net effect of foreign exchange rate changes	**(50,054)**	(230,170)
Cash and cash equivalents at end of the year	**8,140,281**	7,705,323

1. Cash flows from operating activities

The net cash receipts from 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 2021 the Group's net cash flows from operating activities were RMB4,886.51 million. Cash inflows consist mainly of profit before tax of RMB4,339.23 million, income tax payments of RMB847.75 million, adjustments of the increase of RMB3,058.65 million in trade and bills payables, the increase of RMB2,329.20 million in depreciation and amortization, the increase of RMB1,149.12 million in finance costs, the decrease of RMB982.52 million in inventories, the increase of RMB648.94 million in impairment of trade and other receivables, the increase of RMB612.51 million in impairment of other intangible assets, etc. The cash inflows were offset by the increase of RMB3,252.01 million in trade and bills receivables, the increase of RMB2,187.50 million in prepayments, other receivables and other assets, the increase of RMB1,006.58 million in financial receivables, the increase of RMB815.12 million in gain on disposal of interests in associates and joint ventures, the increase of RMB718.17 million in gain on disposal of subsidiaries, 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 of property, plant and equipment and investment properties, 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.

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 2021 the Group's net cash flows used in investing activities were RMB7,872.81 million. Cash outflows consist mainly of purchase of property, plant and equipment of RMB9,797.55 million, addition of other intangible assets of RMB817.72 million, the acquisition of interest in joint ventures of RMB515.00 million, acquisitions of subsidiaries, net of cash acquired of RMB508.57 million, purchases of financial assets at fair value through profit or loss of RMB355.79 million, etc. The cash outflows were offset by the cash inflows from disposals of shareholding in associates and joint ventures of RMB2,275.59 million, disposals of subsidiaries, net of cash disposed of RMB1,515.00 million, dividend received from joint ventures and associates of RMB499.35 million, 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.

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 2021 the Group's net cash inflows from financing activities were RMB3,471.32 million. Cash inflows consist mainly of new bank and other borrowings of RMB15,738.13 million, capital contributions from other equity instruments holders of RMB998.59 million. Cash inflows were offset by repayment of bank and other borrowings of RMB8,432.36 million, repayment of bank and other equity instruments of RMB1,993.62 million, interest paid of RMB1,251.85 million, dividend paid of RMB1,238.11 million, etc.

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.

Capital Expenditure

For the year ended 31 December 2021 the Group's capital expenditures were RMB11,829.58 million, representing an increase of 14.07% compared with RMB10,370.47 million for the year ended 31 December 2020. 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 2021, the Group's interest-bearing bank loans were RMB28,546.33 million, including bank loans repayable within one year of RMB4,172.69 million, in the second year of RMB4,397.37 million, in the third to fifth year of RMB8,778.06 million, and above five years of RMB11,198.21 million. In addition, as at 31 December 2021, the Group's other borrowings were RMB2,731.06 million, including other borrowings repayable within one year of RMB691.32 million, in the second year of RMB567.00 million, in the third to fifth year of RMB379.74 million, and above five year of RMB1,093.00 million. During the Reporting Period, the Group did not apply any interest rate hedging methods.

Capitalization of Interest

For the year ended 31 December 2021, the Group's capitalised interest expenses were RMB160.22 million.

Reserves

As at 31 December 2021, the Company's reserves distributable to shareholders were RMB1,257.03 million. This was the lower figure calculated under CASBE and IFRS.

Restricted Assets

As at 31 December 2021, certain assets of the Group with a total carrying value of RMB24,611.09 million were pledged as security for certain bank loans, other banking facilities, finance lease payments, power price swap contract, etc. Such assets include bank deposits of RMB545.70 million, trade and bills receivables of RMB5,230.44 million, property, plant and equipment of RMB15,937.98 million, right-of-use asset of RMB153.46 million, financial receivables of RMB1,781.88 million, assets of disposal groups classified as held for sale of RMB806.88 million, other intangible assets of RMB154.75 million

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.

Gearing Ratio

As at 31 December 2021, the Group's gearing ratio, defined as net debt divided by the sum of capital and net debt, was 62.10%, representing an increase of 2.85 percentage point compared with 59.25% as at 31 December 2020.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group primarily operated its businesses in China. Over 89% 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 2021, 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 2021, the Group's contingent liabilities were RMB17,411.79 million, representing a decrease of RMB1,672.43 million compared with RMB19,084.22 million as at 31 December 2020.

Significant Investments

The Group made no significant investment during the year ended 31 December 2021.

Material Acquisitions and Disposals

Save as disclosed in the section headed "Acquisitions and Disposals of Subsidiaries and Associates" in this report, the Group did not have any material acquisitions and disposals during the year ended 31 December 2021.

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

Climate change and sustainable development are challenges for all people. With the increasing willingness of countries around the world to seek energy transformation and green and low-carbon, traditional fossil energy are bound to gradually be replaced by non-fossil energy. Renewable energy, represented by wind power, will provide a strong impetus to promote net-zero carbon emissions globally thanks to its sound cost competitiveness and low-carbon product process.

Renewable Energy Market Reporting released by the International Renewable Energy Agency, stating that new energy is emerging globally, but it is not developing fast enough to achieve net zero emissions by 2050. The difference between the current global government commitment target and the 2050 net-zero emissions is significant, with a 14 billion tonne difference in carbon emission by 2030. Accelerating electrification, improving energy efficiency, reducing CH4 emissions and promoting clean energy innovation will help to keep global temperature rises within 1.5°C. Future public and private investment and incentives should be fully mobilized to increase the proportion of electricity generated from renewable energy and to rationalize the mix of traditional fossil fuels with low-carbon fuels in order to achieve the 2050 climate target.

The Global Wind Energy Council (GWEC) pointed out Global Wind Report 2021 that the world needs to be installing wind power three times faster over the next decade in order to stay on a net-zero pathway. As the clean energy technology with the most decarbonization potential per MW, the current rate of wind power deployment will not be enough to achieve carbon neutrality by the middle of this century. GWEC is calling on policy makers to take a true climate emergency approach to allow a faster ramp up of wind power installation. Meanwhile, the Offshore Wind Power Report 2021 predicts cumulative newly offshore wind power installation to exceed 235GW for the future decade under the existing wind power policy. The cumulative installed capacity of offshore wind power will reach 270GW by 2030, among which 30% of the new installation will be installed in 2021-2025 and the rest in 2026-2030.

BNEF published its 2H 2021 Global Wind Market Outlook. The report predicts cumulative wind power installation to exceed 1,000GW in 2023 and to reach 1,716GW by 2030. Offshore wind power will add 35GW of annual installation, accounting for a quarter of the wind power installation that year.

2. Development Trend of Domestic Market in 2021

NDRC and NEA issued the Opinions on Improving Institutional Mechanisms and Policy Measures for Green and Low-carbon Transformation, stating that during the 14th Five-Year Plan period, the institutional framework for promoting green and low-carbon energy development will be basically established, a relatively sound policy, standard, market and regulatory system will be formed, and a mechanism for promoting green and low-carbon energy transformation will be built. By 2030, a pattern of energy production and consumption will be formed in which non-fossil energy will both basically meet the incremental energy demand and replace the fossil energy stock on a large scale, and the capacity of energy security will be comprehensively enhanced.

China Wind Power Outlook 2021-2030 issued by Wood Mackenzie, in China, cumulative wind power capacity connected to the grid will by reach 689GW by 2030, accounting for 67% of the global share. The newly installation capacity of wind power connected to the grid are expected to reach 408GW in 2021-2030 to support China's target of reaching a total installed wind and PV capacity of over 1,200GW by 2030.

With the 30/60 dual carbon target as a guide, promoting the green and low-carbon transformation of the energy structure is an important element of China's power development during the 14th Five-Year Plan period. As one of the core subjects of new energy, wind power plays an important role in the development of national energy strategies with its irreplaceable. In the future, with the gradual construction of China's new power system dominated by new energy sources and continuous improvement of the renewable energy consumption level, wind power industry will show even broader market prospects and development space.

3. Corporate Strategy

Goldwind adheres to the mission of "contributing clean energy 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 energy, energy conservation and environmental protection." During the 14th Five-Year plan, the Company will continue to adhere to the concept of high-quality development, build scientific and technological innovation capabilities, open up the power side and load side, and achieve rapid and steady growth in the three business scenarios including onshore wind power, offshore wind power and integrated energy services. Meanwhile, the Company will integrate global resources and opportunities to build Goldwind into an international and global company, focus on the theme of "empowering the country's 30/60 carbon reduction target", and continuously promote technological innovation in wind power and peripheral product solutions, leading the balanced development of the industry chain.

4. Company Business Plan and Major Objectives

In 2022, following the guidance of "development, efficiency improvement, innovation and transformation", the Company will firmly seize development opportunities in the industry and focus on customers and products to enhance its core competitiveness through innovation in technology, business models and management and maintain its leading position in the domestic and global wind power markets. Goldwind will build the leadership of products through technology innovation and embrace the ever-developing global markets with the dual technical routes on DDPM and medium speed permanent magnet. It will establish a comprehensive technical standard system covering the whole industrial chain and upgrade technological advantages into standard advantages to improve the competitiveness of products and technologies. It will strengthen internal synergy and resources integration, follow the trends of national strategies, promote the service business and the product-based business of power plants and deeply tap into traditional power customers and emerging and potential customers in industries under the Carbon Peak by 2030 and Carbon Neutrality by 2060 goals to realise the value of Goldwind's solutions along the full industry chain.

5. Capital Requirements

According to the Company's operation objectives and plans for 2021, the Company's working capital in 2022 will be financed mainly by sell-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 policies. The changes of policies, such as grid-connected tariff of wind power, subsidy policies, industrial construction plans, protection and consumption mechanism, will impact the production and sales of the Company's major products.

(2) Market Competition Risk

The aims to achieve Carbon Peak by 2030 and Carbon Neutrality by 2060 announced by the government are creating unparalleled opportunities for the wind power industry in China. Competition among peer companies may intensify due to demand in improving WTGs quality and efficiency, seizing of advantageous resources, and expanding market share.

(3) Economic Environment and Exchange Rate Fluctuations

An increasingly complicated current domestic and international economic environment, rising geopolitical risks, emerging trade protectionism, and arduous task of global economic recovery 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 in mainly settled in U.S. dollars, Australian dollars or local currencies, thus three might be a risk of loss caused by exchange rate fluctuation.

(4) Continual Impacts by the COVID-19 Pandemic

The overseas COVID-19 pandemic has shown diverging trends. The virus spread has gradually been contained in developed economies, but emerging markets and developing economies has experienced more waves of infection, posing adverse impact on the global industrial chains and supply chains. If the pandemic is not brought under control effectively globally, it may have adverse impact on the Company's production and business activities.

Facing with the foresaid possible risks, the Company will consolidate the manufacturing base, roll out products and solutions of high quality, lower prices and better performance, with technological innovation and product upgrade as main drivers, and bring into play its advantage in the whole industrial chain competition. Meanwhile, it will continue to strengthen its profitability through diversification, and achieve sustainability. In view of the changing pandemic situation in China and abroad, the Company will further tighten risk control, strengthen communication and cooperation with its customers, and do well in both infection prevention & control and domestic & international business development.

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 more than 20 years of development, Goldwind has become an industry-leading, comprehensive wind power solution provider in both China and overseas. The Company's 1.5MW, 2S-platform, 3S/4S-platform, 6S/8S-platform and MSPM turbines with independent intellectual property rights represent the most promising technology in global wind power industry. Goldwind was ranked the largest wind power manufacture in China by market share for eleven consecutive years and was ranked the second largest in the world in 2021, symbolising its industry-leading position for many years.

ii. Advanced Products and Technology

Goldwind's PMDD WTGs are trusted by customers for their superior performance, including high efficiency of power generation, wide range of rotational speeds, simple structure of excitation mode, cabin structure designed for easy maintenance, low cost for O&M, grid-friendly features and highly efficient utilization. The PSPM products inherit the advantages of grid-friendly and high reliability of DDPM turbines, but also feature flexible transportation, convenient installation and comfortable O&M. The Company has eight R&D centers in both China and overseas and more than 3,000 R&D staff with extensive industry experience, making active contributions to the Company's new product development and technological innovation. Through mastering more cutting-edge technologies, the Company constantly develops and streamlines its serialized product portfolio to ensure the application of products in diversified usage scenarios and 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 the Company's revenue in the foreseeable future.

iii. Brand Awareness and Reputation

The Company attaches great importance to the quality of WTGs 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 WTGs and reduces the levelized cost of energy 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 customer. It has been highly recognized by the government, customers, partners and investors.

iv. Comprehensive Solution Provider

Relying on the Company's advanced technology and products, and years of experience in wind power development, construction, and O&M, in addition to WTG sales, the Company actively expands wind farm services and comprehensive solution of wind farm development to satisfy customer demands throughout the value chain in wind power industry. Through years of development, the foresaid has become important components to the Company's profit, and has been tested and verified successfully by the market. Meanwhile, it has enhanced the Company's competitiveness as a whole and gained a unique advantage. In the field of energy conservation and environmental protection, the Company quickly accumulated water treatment and environmental protection assets, and developed smart water treatment comprehensive solutions. The Company is committed to becoming a global leader in clean energy, energy conservation and environmental protection comprehensive solutions.

v. Internationalisation

As one of the first domestic wind power enterprises in China to have expanded overseas business, the Company has actively promoted its internationalization strategy for many years, adhering to the aim of "promoting internationalization through localization". The Company has not only made breakthroughs in key target markets such as Australia and Europe, but also expanded to emerging markets including Africa and Asia. The Company 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 realizing the internationalization of capital, market, technology, talent, and management.

Below are the profiles of Directors, Supervisors and Senior Management that were in office as at 31 December 2021:

EXECUTIVE DIRECTORS

Mr. Wu Gang (武鋼先生)

Mr. Wu Gang ("**Mr. Wu**"), aged 64, 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 47, is currently an executive Director and the President. Mr. Cao graduated from China Europe International Business School with a master of Business Administration 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. Wang Haibo (王海波先生)

Mr. Wang Haibo ("**Mr. Wang**"), aged 48, 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 Subeier 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 55, 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 from December 1998 to November 2000. 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. 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. From September 2019 to August 2020, he served as the director of Xinjiang New Energy New Wind Investment and Development Co., Ltd. Since August 2020, he has served as the director of Xinjiang Lixin Energy Co., Ltd., previously known as Xinjiang New Energy New Wind Investment and Development 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 50, Han nationality, member of the Communist Party of China, master degree, senior accountant, registered tax accountant and qualified in securities practice. He is currently a non-executive director. Mr. Lu served as accountant of the Finance Department of China International Water & Electric Corporation and chief accountant stationed in Ghana; deputy factory director and chief accountant of Printing Factory of Water Conservancy and Electric Power Publishing House; deputy director, director of the Financial Centre of Water Investment Corporation; chief economist, director of the Asset Finance Department and chief accountant of China Three Gorges Energy. He is currently a member of the party committee, chief accountant and general counsel of China Three Gorges Energy. Mr. Lu was appointed as a non-executive Director of the Company in June 2019.

Mr. Lu is currently a director of Three Gorges Finance Limited Company.

Mr. Wang Kaiguo (王開國先生)

Mr. Wang Kaiguo ("**Mr. Wang**"), aged 33, graduated from Dongbei University of Finance & Economics with a bachelor's degree in business administration. Mr. Wang served as the chief operating officer of Fujia Development Co., Ltd. of Fujia Group from July 2011 to February 2012. Mr. Wang served as the assistant to the president of Fujia Group, and the president of the petrochemical trading division and of the real estate division from February 2012 to July 2017. Mr. Wang was a vice president of Fujia Group from July 2017 to January 2021. Mr. Wang served as the deputy general manager of the assets management center of Hexie Health Insurance Co., Ltd. a substantial shareholder of the Company, since February 2021. Mr. Wang was appointed as a non-executive director of the Company since June 2021.

Mr. Wang is currently the executive director and general manager of Heyirong International trading Co., Ltd.; director of Financial Street Holdings, the securities of the company are listed on the Shenzhen Stock Exchange; vice senior president and director of Wanda Information Co., Ltd., the securities of the company are listed on the Shenzhen Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tin Yau Kelvin Wong (黃天祐博士)

Dr. Tin Yau Kelvin Wong ("**Dr. Wong**"), aged 61, 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, deputy managing director of COSCO SHIPPING Ports Limited, 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 a Justice of the Peace in 2013 and awarded Silver Bauhinia Star in 2021 by the Government of the Hong Kong Special Administrative Region.

As at 31 December 2020, Dr. Wong concurrently served as 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 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.

Dr. Wong was also an Independent Non-executive Director of Huarong International Financial Holdings Limited (listed in Hong Kong), I.T Limited (delisted in Hong Kong on 30 April 2021), Bank of Qingdao Co., Ltd. (dual listed in Hong Kong and Shenzhen) and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (dual listed in Hong Kong and Shanghai).

Mr. Wei Wei (魏煒先生)

Mr. Wei Wei ("**Mr. Wei**"), aged 57, 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 Xinjiang Sailing Information Technology Co., Ltd., the securities of the company are listed on the Shenzhen Stock Exchange.

Ms. Yang Jianping (楊劍萍女士)

Ms. Yang Jianping ("**Ms. Yang**"), aged 55, 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, 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 Beijing Shengtong Printing Co., Ltd., the securities of the company are listed on the Shenzhen Stock Exchange.

SUPERVISORS

Mr. Han Zongwei (韓宗偉先生)

Mr. Han Zongwei ("**Mr. Han**"), aged 40, Han nationality, member of the Communist Party of China, master degree, senior accountant, registered tax accountant. He is currently a Supervisor. Mr. Han served as Senior Director of Financial Centre of China Water Investment Group and Deputy Manager of the Finance Department of Guoshui Group Baotou Wind Power Science Corporation; Manager of the Financial Department of Guoshui Group Huade Wind Power Corporation; Chief of Financial Officer of Beijing Xingqiyuan Corporation; Senior Manager, Assistant Director, Deputy Director, Director of the Asset Finance Department of China Three Gorges Energy. He is currently the deputy general manager of Three Gorges Corporation Jiangsu Energy Investment Co., Ltd. (China Three Gorges Corporation Co., Ltd. Jiangsu Branch). Mr. Han has served as a Supervisor since July 2019.

Mr. Luo Jun (洛軍先生)

Mr. Luo Jun ("**Mr. Luo**"), aged 55, 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 Institute 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, Urumqi Xinfeng Tianxiang New Energy Limited Company, Fuyun Tianxiang New Energy Co., Ltd. and Pishan Risheng Electricity Development Co. Ltd., respectively. All of the aforementioned companies are private companies.

EMPLOYEE REPRESENTATIVE SUPERVISORS

Mr. Lu Min (魯敏先生)

Mr. Lu Min ("**Mr. Lu**"), aged 47, 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 51, 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

Mr. Wang Hongyan (王宏岩先生)

Mr. Wang Hongyan (**Mr. Wang**), aged 51, obtained a master degree in business administration from Beijing University of Technology and a master degree in applied accounting from Hong Kong Baptist University. Mr. Wang is a visiting scholar of Peking University, graduate tutor of the National Accounting Institute, senior accountant and senior economist. Mr Wang served as an accountant of Beijing metallurgical equipment manufacturing plant of Baosteel Group* from 1995 to 1997. Mr. Wang worked for American International Data Group as an audit manager from 1997 to 1999. Mr. Wang was the chief financial officer of Softnews (Beijing) Information Technology Co., Ltd.* from 2000 to 2004. Mr. Wang served as the chief financial officer of Beijing Konruns Pharmaceutical Co., Ltd.* from 2004 to 2005. Mr Wang served as the financial director and vice executive president of Datang Telecom Technology Co., Ltd.* from December 2005 to November 2016. During this period, he also served in the following roles in subsidiaries of Datang Telecom Technology Co., Ltd.*: the director and general manager of Datang Software Technology Co., Ltd.*, the chairman of Datang Telecom (Chengdu) Information Technology Co., Ltd.* and Datang Telecom Investment Co., Ltd.*, the executive director of Xi'an Datang Telecom Co., Ltd.* and Datang Telecom (Tianjin) Technical Service Co., Ltd.* and etc. Mr. Wang served as the director of Visionox Technology Co., Ltd.* from November 2016 to February 2020. Mr. Wang served as the joint president and chief financial officer of TOJOY Shared Business Incubation Investment Group Co., Ltd.* from March 2020 to August 2021. Mr. Wang served as the chief financial officer of the Company since September 2021.

Ms. Ma Jinru (馬金儒女士)

Ms. Ma Jinru ("**Ms. Ma**"), aged 56, 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 a fellow of The Hong Kong Governance Chartered. She is a MBA tutor of University of Chinese Academy of Science. 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 62, is currently a vice president of the Company. He graduated from Huadong Engineering School in 1982, majoring in System Engineering of Computer Science Department. Mr. Zhou is a researcher-level senior engineer and entitled to a special allowance granted by the State Council. From July 1982 to 1995, he served as an assistant engineer, engineer, deputy director and director of Research Office in Jilin Jiangbei Machinery Factory; head of equipment department, head of production and operation department, deputy general manager and general manager of Joint Ventures; from 1995 to 1998, he served as the director of Jiangbei Machinery Factory in Jilin and chairman of the board of directors of Northern Jiekai Rotating Shaft Limited Company; from 1998 to 1999, he was Deputy Director and researcher-level senior engineer of Changchun Institute of Technology and Equipment; from 2000 to 2003, he was Deputy Director, Deputy Secretary of the Party Committee, Secretary of the Disciplinary Committee and Chairman of the Trade Union of Xi'an Institute of Modern Chemistry, and Director and General Manager of Xi'an Modern Pesticide Technology Co. Ltd.; from 2004 to 2005, he served as researcher level senior engineer of Xi'an Modern Chemistry Institute and Consultant of Xi'an Fanda Investment Management Company; from 2005 to 2008, he served as deputy general manager and general manager of Zhejiang GEMSY Group Co., Ltd.; from 2008 to 2011, he served as the agent general manager and general manager of Jiangsu Global Shipbuilding (Yangzhou) Co., Ltd.; from 2011 to 2012, he served as the deputy general manager of Zhejiang GEMSY Mechanical and Electrical Co., Ltd.; from 2012 to 2017, he served as the director of Company' Engineering Office, general manager of Tiancheng Tongchuang Electric Co., Ltd. and of Tianyuan Kechuang Wind Power Equipment Co., Ltd.; from 2013 to 2014, he served as the business vice president of the Company; he served as the vice president since 2014.

Mr. Li Fei (李飛先生)

Mr. Li Fei ("**Mr. Li**"), aged 46, 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 is a senior economist. 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 from 2010 to 2011; the deputy general manager of the company's wind power industry group and the executive vice president of Goldwind University in 2012; 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. Li currently serves as non-executive director 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 and Hong Kong Stock Exchange.

Mr. Wu Kai (吳凱先生)

Mr. Wu Kai ("**Mr. Wu**"), aged 53, 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, vice director of China Electrical Industry Association, and a member of Global Wind Energy Council. 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; general manager of Goldwind International Holding (Hong Kong) Limited Company since February 2019; 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 49, 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 48, 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 59, is currently the Chief Engineer of the Company. He is a senior engineer and national-level high-level talent. 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 the director of National Wind Power Engineering Technology Research Center, 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 North China Electric Power University, Beijing Industrial University, Hohai University, Tianjin University, Chongqing 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.

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

Mr. Liu Chunzhi resigned as the chief financial officer in March 2021.

Ms. Dong Zhenyu resigned as a non-executive director and a member of the strategic committee of the Company in April 2021.

The Board of Directors' Report

The Board hereby presents to our shareholders its report for the financial year ended 31 December 2021 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 2021 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 (2021-2023) Shareholders' Return Plan of the Company was passed at the sixteenth meeting of the seventh session of the Board and the AGM of 2020. 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 2021 to 2023, 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 2021 was made according to the above plan.

RESULTS AND PROFIT DISTRIBUTION

The annual results of the Group for the financial year ended 31 December 2021 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 2021. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2021 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 2022.

TAX RELIEF (H SHAREHOLDERS)

Non-resident enterprise shareholders

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (the "Enterprise Income Tax Law"), and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China", 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議股息條款有關問題的通知》(國稅函[2009]81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)), Administrative Measures on Preferential Treatment Entitled by Non-resident taxpayers (SAT Circular 2019 No.35) (《非居民納稅人享受協議待遇管理辦法》(國家稅務總局公告2019年第35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 financial performance and financial position 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 256 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2021, 41.27% and 11.87% of the Group's revenue from operations was attributed to our five largest customers and our largest customer, respectively. During the same period, 30.65% and 19.95% 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 41 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment of the Group during the financial year ended 31 December 2021 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 2021 are set out in note 39 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 2021 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 41 and 42 to the Financial Statements.

(1) The Equity Transfer related to parts of the wholly-owned subsidiary of the Company

Beijing Tianrun, a wholly-owned subsidiary of the Company, (as Transferor) entered into the Equity Transfer Agreement with ABC Financial Asset Investment Company Limited* (農銀金融資產投資有限公司) ("**ABC Investment**") (as Transferee) 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 Target Company I and Target Company II, 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 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 1 January 2021 to 31 December 2021 exceeded the profit benchmark, ABC Investment and Beijing Tianrun will distribute the exceeding portion on a 20(ABC Investment):80(Beijing Tianrun) basis.

(2) The Equity Transfer related to Hamixintian

Beijing Tianrun, a wholly-owned subsidiary of the Company (as "**Transferor**"), entered into the Equity Transfer Agreement (the "**Hami Equity Transfer Agreement**") with Three Gorges Clean Energy Equity Investment Fund (Tianjin) Partnership (Limited Partnership) ("**Three Gorges Clean Energy Fund**") and its sub-fund Ruiqing (Tianjin) Industrial Investment Fund Partnership (Limited Partnership) ("**Ruiqing Fund**" or "**Sub-Fund**") on 18 June 2021, in relation to the transfer of the 100% equity interests in Hami Xintian Energy Co., Ltd. ("**Hami Xintian**") in which Beijing Tianrun will dispose 0.01% equity interests in Hami Xintian to Three Gorges Clean Energy Fund and 99.99% equity interests in Hami Xintian to its Sub-Fund.

As at the date of signing the Hami Equity Transfer Agreement, (i) China Three Gorges Energy held more than 10% of the Company's total issued share capital; (ii) China Three Gorges Corporation holds 49% of shares of China Three Gorges Energy, and China Three Gorges Energy is a non-wholly owned subsidiary of China Three Gorges Corporation; (iii) China Three Gorges Corporation holds 40% of shares of Three Gorges Capital Holdings Co., Ltd. ("**Three Gorges Capital**"), and Three Gorges Capital is a non-wholly owned subsidiary of China Three Gorges Corporation; and (iv) the capital contributed by Three Gorges Capital amounts to more than 50% of the total capital of Three Gorges Clean Energy Fund, and Three Gorges Clean Energy holds 99.97% of interests in the Sub-Fund. Accordingly, pursuant to Chapter 14A of the Listing Rules, Three Gorges Clean Energy Fund and its Sub-Fund were connected persons of the Company; the transfer of 100% equity interest in Hami Xintian from Beijing Tianrun to Three Gorges Clean Energy Fund and its Sub-Fund constituted a connected transaction of the Company.

As of the end of the Reporting Period, the transaction contemplated under the Hami Equity Transfer Agreement had been completed, recording an investment gain (before tax) of approximately RMB135.04 million. There is a difference between the actual investment gain and the estimated investment gain of RMB166 million as disclosed in the announcement dated on 28 June 2021, mainly because the power generation profit of Hami Xintian during the transition period was owned by the transferee, resulting in a higher investment cost on the completion date than the estimated investment cost disclosed.

For details please refer to the announcements of the Company dated 20 June 2021 and 28 June 2021.

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 2021.

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 2021 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 2021 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 2021, the total number of Shareholders was 324,477, among which the number of A Share Shareholders and H Share Shareholders were 323,413 and 1,064, respectively.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, 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
BlackRock, Inc.	Interest of controlled corporation	127,364,990 (L)[1]	16.46%	3.01%
		808,800 (S)[1]	0.10%	0.02%
Citigroup Inc.	Interest of controlled corporation	3,227,983 (L)[2]	0.42%	0.08%
		1,619,354 (S)[2]	0.21%	0.04%
	Approved lending agent	65,710,564 (L,P)[2]	8.49%	1.56%
JPMorgan Chase & Co.	Interest of controlled corporation	6,768,849 (L)[3]	0.88%	0.16%
		6,021,282 (S)[3]	0.78%	0.14%
	Person having a security interest in shares	637,800 (L)[3]	0.08%	0.02%
	Approved lending agent	46,710,214 (L)[3]	6.04%	1.11%
GIC Private Limited	Investment manager	45,936,764 (L)	5.94%	1.09%
BlackRock Global Funds	Beneficial owner	45,234,200 (L)	5.85%	1.07%

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
Hexie Health Insurance Co., Ltd.	Beneficial owner	528,335,542	528,335,542	15.31%	12.50%
Xinjiang Wind Power	Beneficial owner	497,510,186	497,510,186	14.41%	11.78%
China Three Gorges Energy[4]	Beneficial owner	352,723,945	850,234,131	24.63%	20.12%
	Interest in controlled corporation	497,510,186			
China Three Gorges Corporation[5]	Interest in controlled corporation	850,234,131	850,234,131	24.63%	20.12%

Notes:

1. Among which, 1,540,400 H Shares (long position) and 808,800 H Shares (short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

2. Among which, 284,480 H Shares (long position) and 818,754 H Shares (short position) were held through derivatives, categorised as held through physically settled unlisted derivatives; 450,000 H Shares (long position) and 800,600 H Shares (short position) were held through derivatives, categorised as held through cash settled unlisted derivatives.

3. Among which 219,800 H Shares (short position) were held through derivatives, categorised as held through cash settled unlisted derivatives; 306,832 H Shares (long position) and 1,534,918 H Shares (short position) were held through derivatives, categorised as held through physically settled unlisted derivatives; 2,525,228 H Shares (long position) and 1,093,300 H Shares (short position) were held through derivatives, categorised as held through case settled unlisted derivatives.

4. As at 31 December 2021, China Three Gorges Energy directly held 352,723,945 A Shares. China Three Gorges Energy held 43.33% of the issued share capital of Xinjiang Wind Power. Under the SFO, other than directly holding interests in the Company, China Three Gorges Energy is deemed to be interested in the 497,510,186 A Shares held by Xinjiang Wind Power.

5. China Three Gorges Corporation is the holding company of China Three Gorges Energy. Under the SFO, the 497,510,186 A Shares held by Xinjiang Wind Power, in which China Three Gorges Energy is deemed to be interested, and the 352,723,945 A Shares directly held by China Three Gorges Energy, were deemed to be the interests of China Three Gorges Corporation in the Company.

Other than as disclosed above, as at 31 December 2021, 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 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company, save as the asset-backed securities and asset-backed notes disclosed in this annual report.

ASSET-BACKED SECURITIES

The "CDB Securities-Gold Wind Accounts Receivable Phase 1-4 Green Asset-backed Special Plan Asset-backed Securities" of the Company obtained the No Objection Letter for Listing and Transfer from Shanghai Stock Exchange. These asset-backed securities will be issued by not more than 4 installments, to raise a capital of not more than RMB2 billion. The capital raised will be mainly used to purchase raw materials and components for wind power generation systems, replenish working capital, and repay the debts bearing interest, as case may be, depending on the reality of the Company.

As at 10 May 2021, the Phase 1 Green Asset-backed Special Plan raised a capital of RMB500 million, meeting the fund requirements for agreed special plan and was established officially.

The Phase 1 Green Asset-backed Special Plan was listed on Shanghai Stock Exchange on 21 May 2021, to issue asset-backed securities in the total amount of RMB500 million, including preferred A level asset-backed securities in the amount of RMB475 million and subprime asset-backed securities in the amount of RMB25 million.

ASSET-BACKED NOTES

On 20 August 2021, the Board considered and approved the motion on application for registration and issue of consolidated asset-backed notes. This issue was to raise a capital of not more than RMB2 billion. The notes were issued by installments on demand, for a term of not more than 3 years. The capital raised from the notes was used mainly to repay the existing liabilities and replenish working capital. The Board may authorize the management team to deal with the registration and issue at full discretion according to the Company's specific demands and other market conditions. During the Reporting Period Period, none of the asset-backed notes had been issued.

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 2021 and up to the Latest Practicable Date.

The percentage of public float was 73.94%, based on information that was publicly available and within the knowledge of the Directors as at the Latest Practicable Date.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors in office during the financial year ended 31 December 2021 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	
Mr. Lu Hailin	22 June 2019	
Mr. Wang Kaiguo	29 June 2021	
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	17 December 2021
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 2021 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 2021 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report.

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

Based on the information known to the Directors, as at 31 December 2021, 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 2021		
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 2021, 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 2021 or the period following 31 December 2021 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 2021, 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 2021, 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 2021 or at any time during the financial year ended 31 December 2021, 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 2021.

CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions under Listing Rules

The Group had several non-exempt continuing connected transactions with the Company's connected persons during the financial year ended 31 December 2021.

On 26 October 2018, the Company, Xinjiang Wind Power and China Three Gorges Energy entered into certain framework agreements in connection with (1) product sales to, and (2) wind power services to, the connected person group which at the relevant time comprised Xinjiang Wind Power, China Three Gorges Energy and each of their respective associates (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 then 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.

Set out below are the relevant annual caps of the continuing connected transactions:

Unit: RMB million

	Annual Cap for 2019	Annual Cap for 2020	Annual Cap for 2021
Product Sales	2,946.94	2,127.31	2,427.07
Wind Power Services	82.96	120.23	200.20

(1) details of connected persons

As at the end of the Reporting Period, China Three Gorges Energy held less than 10% of the Company's issued share capital. On 5 November 2021, China Three Gorges Energy informed the Company that China Three Gorges Energy has reduced its shareholdings in the Company. As a result, China Three Gorges Energy and its associate (other than Xinjiang Wind Power) are no longer connected persons of the Company as defined by the Listing Rules,, and thus the transactions contemplated under the China Three Gorges Energy and its associates (other than Xinjiang Wind Power) ceased to constitute continuing connected transactions. For details, please refer to the announcement dated 5 November 2021 of the Company.

From the date of signing above agreements to 28 October 2021, each of Xinjiang Wind Power and China Three Gorges Energy was a connected person of the Company by virtue of being a substantial shareholder of the Company. Xinjiang Wind Power was also an associate of China Three Gorges Energy as China Three Gorges Energy held more than 30% of its issued share capital. Accordingly, the continuing transactions with any member of the then Connected Persons Group constituted continuing connected transactions for the Company.

(2) details of the revision of annual cap for 2021 of connected transactions

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 ended 31 December 2021 as follows:

Unit: RMB million

	For the year ended 31 December 2021
Product Sales (existing annual caps)	2,427.07
Proposed increase	1,567.80
Product Sales (revised annual caps)	3,994.87

For details in relation to the reasons for revising the annual caps, please refer to the announcement of the Company dated 16 November 2020 and the circular of the Company dated 4 December 2020.

The Company 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.

Subsequently, on 12 April 2021, the Board approved the resolution to further revise annual caps for the product sales under the Product Sales Framework Agreement (2019-2021) and for the wind power service under the Wind Power Service Framework Agreement (2019-2021) for the year ended 31 December 2021 as follows:

Unit: RMB million

	For the year ended 31 December 2021
Product Sales (Existing cap)	3,994.87
Proposed increase	4,533.47
Product Sales (New cap)	8,528.34

Unit: RMB million

	For the year ended 31 December 2021
Wind Power Service (Existing cap)	200.20
Proposed increase	489.37
Wind Power Service (New cap)	689.57

For details in relation to the reasons for revising the annual caps, please refer to the announcement of the Company dated 12 April 2021 and the circular of the Company dated 13 May 2021.

The Company held a board meeting on 12 April 2021 and an annual general meeting on 28 June 2021, to review and approve the aforesaid revised annual cap.

(3) actual amounts of continuing connected transactions in 2021

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 2021:

Unit: RMB million

Connected Transactions	Annual Cap for 2021	Actual Amount for 2021
Product Sales	8,528.34	5,716.20*
Wind Power Services	689.57	7.17*

Notes: As at the end of the Reporting Period, China Three Gorges Energy held less than 10% of the Company's issued share capital. For details, please refer to the announcement dated 5 November 2021 of the Company. Therefore, China Three Gorges Energy and its associates (other than Xinjiang Wind Power) are no longer connected persons of the Company, and subsequent transactions contemplated thereunder are no included in the actual amount for 2021 set out in the above table after 29 October 2021.

Product Sales

The Group sold, and will continue to sell, WTGs to the Company's connected persons in the ordinary and usual course of business.

The sale of WTGs to the Company's connected persons is usually carried out pursuant to public tenders in accordance with the applicable laws and regulations of the PRC, i.e. the relevant companies 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 Company's connected persons 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 Company's connected persons, 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 Company's connected persons 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 2021:

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 2021:

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 12 April 2021 and the circular of the Company dated 13 May 2021.

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 to the circular dated 13 May 2021 of the Company.

(4) Product Sales Framework Agreement and Annual Cap for 2022

On 7 December 2021, as the Product Sales Framework Agreement (2019-2021) would expire on 31 December 2021, the Company entered into the 2022 Product Sales Framework Agreement with Xinjiang Wind Power for a term from 1 January 2022 to 31 December 2022. The annual cap in respect of the continuing connected transactions under the 2022 Product Sales Framework Agreement is RMB512.57 million. The Company has followed the relevant pricing policies and guidelines as disclosed in the announcement of the Company dated 7 December 2021 when determining the price and terms of the transactions conducted during the year ended 31 December 2021. For details, please refer to the announcement of the Company dated 7 December 2021.

Non-exempt connected transactions under Listing Rules

On 6 July 2021, Beijing Tianrun, a wholly-owned subsidiary of the Company, China Three Gorges Energy, Sungrow New Energy Development Co., Ltd., Henan Wanwa New Energy Technology Co., Ltd., Henan Wuyuan Industrial Park Management Co., Ltd. and Beijing Infinite Equation Technology Co,. Ltd. entered into a Company Establishment Agreement in respect of establishing a Platform Company in Xinxiang city, Henan province with an initial registered capital of RMB500 million, among which Beijing Tianrun shall contribute RMB50 million in cash, representing 10% of the total capital contribution. As at the date of signing the Company Establishment Agreement, China Three Gorges held more than 10% of the Company's total issued share capital. Accordingly, pursuant to Chapter 14A of the Listing Rules, China Three Gorges Energy is a connected person of the Company; the establishment of the Platform Company contemplated under the Establishment Company Agreement to be entered into by Beijing Tianrun, China Three Gorges Energy and other investors constituted a connected transaction of the Company. For details, please refer to the announcements dated 26 March 2021, 20 June 2021 and 7 July 2021 of the Company.

On 28 September 2021, Beijing Tianrun, a wholly-owned subsidiary of the Company, entered into the Investment and Establishment Agreement of Wuhai Pumped Storage Company with Inner Mongolia Power (Group) Co., Ltd., China Southern Power Grid. China Three Gorges Energy and Wuhai Finance Holding (Group) Co., Ltd., in respect of establishing a Joint Venture with an initial registered capital of RMB1.6 billion, among which Beijing Tianrun shall contribute RMB96 million in cash, representing 6% of the total capital contribution. As at the date of signing this Agreement, China Three Gorges held more than 10% of the Company's total issued share capital. Accordingly, pursuant to Chapter 14A of the Listing Rules, China Three Gorges Energy is a connected person of the Company; the establishment of the Joint Venture contemplated under the Investment and Establishment Agreement of Wuhai Pumped Storage Company to be entered into by Beijing Tianrun, China Three Gorges Energy and other investors constituted a connected transaction of the Company. For details, please refer to the announcement dated 28 September 2021 of the Company.

The connected transactions in relation to the transfer of equity interests in Hami Xintian are set out in the section headed "Acquisitions and Disposals of Subsidiaries and Associates" on page 60 of this annual report.

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 2021. Save as the non-exempt continuing connected transactions as set out in the section headed "Connected Transactions" on page 68 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 47 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 2021 was RMB9.76 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 2021 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 2021 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 2021, the Group has published the 2021 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 2021 annual environmental, social, and governance performance, please refer to the 2021 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 2021, 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 2021 ANNUAL REPORT

The Audit Committee of the Company has reviewed and approved the 2021 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 82 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.

As at 31 December 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP was the domestic auditor of the Company and Deloitte Touche Tohmatsu has appointed as the international auditor of the Company.

The consolidated financial statements for the year ended 31 December 2021 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 2021 which would materially affect the Group's operating and financial performance as at the date of this report.

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

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 17 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 2021:

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 2021, 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.

3. 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 2021. The committee reviewed the 2021 Annual Internal Control Self-Assessment Report and believes the report is truthful and fair.

4. 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.

5. 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.

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 2021, 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 2021.

The Company has complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2021.

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, the 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 2021. 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 2021 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
Mr. Wang Kaiguo (appointed on 29 June 2021)
Ms. Dong Zhenyu (resigned on 12 April 2021)

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 22 June 2019, with a term of three years. The Company has already entered into a service contract with each of the Directors, including non-executive 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 47 of this annual report.

During the year ended 31 December 2021, 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 2021, and considers all of the independent non-executive Directors are independent.

Changes to Members of the Board and Supervisory Committee

Ms. Dong Zhenyu resigned as a non-executive director and a member of the strategic committee due to other career developments on 12 April 2021.

Ms. Xiao Hong resigned as a supervisor due to her retirement on 17 December 2021.

The 2020 annual general meeting has approved the election of Mr. Wang Kaiguo ("Mr. Wang") as a non-executive director. Mr. Wang assumed the position on the day after the annual general meeting held on 28 June 2021. His tenure will be until the end of the current Board's tenure. In connection with Mr. Wang being appointed as a non-executive director of the Company, the Company entered into a service contract with Mr. Wang, for his service to the Company, stating, among other things, his annual remuneration and length of service. According to a resolution from the annual general meeting of the Shareholders on 21 June 2019, Mr. Wang, as a non-executive director of the Company, will not receive compensation from the Company.

Changes to Information of Directors, Supervisors and Senior Management

Mr. Cao Zhigang ceased to serve as the deputy chairman of JL MAG Rare-Earth Co., Ltd on 23 April 2021.

Mr. Lu Hailin ceased to serve as the secretary of the board of China Three Gorges Energy on 1 April 2021, and ceased to serve as supervisor of Fujian Energy Investment Limited Company of Changjiang Three Gorges on 26 March 2021.

Mr. Wang Kaiguo served as the deputy general manager of the assets management center of Hexie Health Insurance Co., Ltd since 28 February 2021; served as the deputy chairman Heyirong International Trading Co., Ltd. since 9 March 2021; served as the director of Financial Street Holdings since 12 May 2021; served as vice senior president and director of Wanda Information Co., Ltd since 19 July 2021 and 23 August 2021, respectively.

Dr. Tin Yau Kelvin Wong ceased to serve as the independent non-executive director of I.T Limited on 30 April 2021, and ceased to serve as the independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. on 11 June 2021.

Mr. Wei Wei was appointed as the independent non-executive director of Xinjiang Sailing Information Technology Co., Ltd. on 9 March 2021, and ceased to serve as the independent non-executive of Wuxi Hodgen Technology Co., Ltd. on 12 November 2021.

Ms. Yang Jianping ceased to serve as the independent non-executive director of Guangzhou Seagull Kitchen and Bath Products Co., Ltd. on 1 November 2021.

Mr. Han Zongwei ceased to serve as the director of the asset finance department of China Three Gorges Energy on 19 October 2021, and was appointed as the deputy general manager of Jiangsu Energy Investment Co, Ltd. of Three Gorges Corporation and China Three Gorges Corporation Co., Ltd. Jiangsu Branch on 19 October 2021.

Mr. Luo Jun was appointed as the executive director of Pishanxian Risheng Electricity Development Co. Ltd. on 30 November 2021.

Ms. Xiao Hong ceased to serve as supervisor of Urumqi Xinjiang Yutian New Wind Power Limited Company, Urumqi Tianpeng Wind Power Limited Company, Xinjiang Tianxiang Wind Power Limited Company, Buerjin Tianpeng New Energy Limited Company, Urumqi Xinfeng Tianxiang New Energy Limited Company, Fuyun Tianxiang New Energy Limited Company on 9 June 2021; ceased to serve as the deputy general manager of Xinjiang Wind Power on 29 October 2021.

Save as disclosed above, to the best of the Company's knowledge, during the year ended 31 December 2021, 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 13.51(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 2021, 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 2021 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 66 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 2021.

The Group's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Group's relevant employees was noted by the Company during the year ended 31 December 2021.

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 2021 included reviewing the Company's annual, interim and quarterly reports, effectiveness of internal audit function, 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, the Board, 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 and the human resources department of the Group 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 2021 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, including assessing the performance of executive directors, and review and approve compensation payable for their termination in accordance with their contractual terms, including approving the terms of the executive directors' service contracts.

The remuneration policy of Directors is set out as below：

- The remuneration of executive Directors who hold positions in the Company is determined according to their roles and positions in the Company and the Company's remuneration management regulations;
- Non-executive Directors who do not hold positions in the Company are not paid by the Company;
- The remuneration of each independent non-executive Director is RMB200,000 per year (tax included).

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 2021 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 2021 are set out below:

Name	Board	Audit Committee	Nomination Committee	Remuneration & Assessment Committee	Strategic Committee	Shareholders' General Meeting
Executive Directors						
Mr. Wu Gang	10/10		2/2		1/1	1/1
Mr. Cao Zhigang	10/10			1/1		1/1
Mr. Wang Haibo	7(3)[1]/10				1/1	1/1
Non-executive Directors						
Mr. Gao Jianjun	7(3)[1]/10				1/1	0/1
Mr. Lu Hailin	6(4)[1]/10	5/5				0/1
Mr. Wang Kaiguo[2]	5/5					0/0
Ms. Dong Zhenyu[3]	2/2					0/0
Independent Non-executive Directors						
Dr. Tin Yau Kelvin Wong	9(1)[1]/10	5/5				0/1
Mr. Wei Wei	9(1)[1]/10		2/2	1/1	1/1	0/1
Ms. Yang Jianping	10/10	4(1)[4]/5	2/2	1/1		1/1

Notes:

1. The director attended the board meetings by proxy.

2. Mr. Wang Kaiguo's appointment was effective from 29 June 2021.

3. Ms. Dong Zhenyu resigned as a non-executive director and a member of the strategic committee due to other career developments on 12 April 2021.

4. The director attended the audit committee meeting by proxy.

Appointment of Directors

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

Pursuant to the Articles, any Director's term of office shall begin on the day after the approval of the relevant resolution of the Company's shareholders' general meeting until the expiration of the current session of the Board. Directors may serve consecutive terms if re-elected upon the expiration of the previous term of office. Independent non-executive Directors may not serve more than 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 2021. 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 2021 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report. Any changes to such information of the Directors during the year ended 31 December 2021 are set out in the section headed "Corporate Governance Report – Changes to Information on Directors, Supervisors and Senior Management" on page 80 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 C.1.4, 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 2021 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	✓	✓
Mr. Wang Kaiguo	✓	✓
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 2021. 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 2021 and up to the Latest Practicable Date is set out below:

Supervisors

Mr. Han Zongwei *(Chairman)*
Mr. Luo Jun
Mr. Wang Yan (appointed on 26 February 2022)
Ms. Xiao Hong (resigned on 17 December 2021)

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 2021 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report.

Supervisory Committee Meetings

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

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

Details of Supervisors' attendance at committee meetings of the Company during the year ended 31 December 2021 are set out below:

Name	Attendances/ Meetings Held
Supervisors	
Mr. Han Zongwei	4(1)[1]/5
Mr. Luo Jun	5/5
Ms. Xiao Hong[2]	4/4
Employee Representative Supervisors	
Mr. Lu Min	5/5
Ms. Ji Tian	5/5

Notes:

1. The supervisor attended the supervisory committee by proxy.

2. Ms. Xiao Hong resigned as the supervisor due to her retirement on 17 December 2021.

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 Legal Affairs 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 goals 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 once for the year ended 31 December 2021, and has concluded that there are no significant deficiencies in its risk management and internal control systems and that such systems are sufficient, effective and adequate. The Board has received the conformation from the management that there are no significant deficiencies in its risk management and internal control systems and that such systems are sufficient, effective and adequate.

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 (信息披露管理制度) 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 (內幕消息知情人登記管理制度) 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 2021 and up to the Latest Practicable Date is set out below:

President

Mr. Cao Zhigang

Executive Vice President

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. Wang Hongyan (appointed on 28 September 2021)
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 2021 are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on page 47 of this annual report.

Shares Held by Senior Management

Based on information known to the Company, as at 31 December 2021, 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. Liu Chunzhi[1]	Chief Finance Officer	9 August 2019	–	–
Mr. Wang Hongyan[2]	Chief Finance Officer	28 September 2021	–	–
Ms. Ma Jinru	Vice President and Secretary of the Board	11 July 2019	A Shares	672,150
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. Zhai Endi	Chief Engineer	9 August 2019	A Shares	30,000

Notes:

1. Mr. Liu Chunzhi resigned as the chief finance officer on 9 March 2021.

2. Mr. Wang Hongyan was appointed as the chief finance officer on 28 September 2021.

Remuneration of Directors, Supervisors and Senior Management

For the year ended 31 December 2021, the remuneration of Directors, Supervisors and Senior Management during their term of office is set out below:

Unit: RMB thousands

Name	Position	Total Remuneration before tax received from the Company during the Reporting Period
Mr. Wu Gang	Chairman	5,871
Mr. Cao Zhigang	Executive Director and President	6,097
Mr. Wang Haibo	Executive Director and Executive Vice President	5,382
Mr. Gao Jianjun	Non-executive Director	
Mr. Lu Hailin	Non-executive Director	
Mr. Wang Kaiguo	Non-executive Director	
Dr. Tin Yau Kelvin Wong	Independent Non-executive Director	200
Mr. Wei Wei	Independent Non-executive Director	200
Mr. Yang Jianping	Independent Non-executive Director	200
Mr. Han Zongwei	Chairman of the Supervisory Committee	
Mr. Luo Jun	Supervisor	
Mr. Lu Min	Supervisor	1,385
Ms. Ji Tian	Supervisor	1,369
Mr. Wang Hongyan	Chief Financial Officer	2,119
Ms. Ma Jinru	Vice President and Secretary of the Board	4,985
Mr. Zhou Yunzhi	Vice President	5,181
Mr. Li Fei	Vice President	4,951
Mr. Wu Kai	Vice President	5,116
Mr. Liu Rixin	Vice President	5,039
Mr. Gao Jinshan	Vice President	5,530
Mr. Zhai Endi	Chief Engineer	4,963
Ms. Dong Zhenyu[1]	Non-executive Director	
Ms. Xiao Hong[2]	Supervisor	
Mr. Liu Chunzhi[3]	Chief Financial Officer	437

Notes:

1. Ms. Dong Zhenyu resigned as a non-executive director and a member of the strategic committee on 12 April 2021.

2. Ms. Xiao Hong resigned as the supervisor on 17 December 2021.

3. Mr. Liu Chunzhi resigned as the chief finance officer on 9 March 2021.

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.

In compliance with Rule 3.29 of the Listing Rules, Ms. Ma Jinru participated in approximately 71 hours of relevant professional training during the year ended 31 December 2021 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 didn't revise the Articles of Association in 2021.

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 2021. 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 2021 are set out below:

Unit: RMB million

Service	Year ended 31 December 2021	2020
Audit		
Audit of annual consolidated financial statements and other related services	**8.60**	8.97
Audit of internal control	**0.75**	0.54
Non-audit		
Review of interim consolidated financial statements	**2.10**	1.65
Total	**11.45**	11.16

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 104 of this annual report.

Employees

As at 31 December 2021, the Group had a total of 10,781 employees. As at 31 December 2020, the Group had a total of 8,956 employees.

As at 31 December 2021, the composition of employees in terms of profession and educational background is as follows:

Profession	Number
Production personnel	1,831
Sales personnel	1,213
R&D and technology personnel	3,239
Financial personnel	296
Administrative personnel	1,966
O&M and services personnel	2,236
Total	10,781

Education	Number
Master's degree or above	2,407
Undergraduate	5,966
College degree or below	2,408
Total	10,781

During the year ended 31 December 2021, the remuneration of Group's employees amounted to RMB2,789,474,000, which comprises of wages and salaries, pension scheme contributions, and welfare and other expenses. During the year ended 31 December 2020, the remuneration of Group's employees amounted to RMB2,365,758,000.

Remuneration of Employees

The Company enters into individual employment contracts with its employees, terms include, among other things, salaries, benefits, training, workplace health and safety, confidentiality obligations relating to trade secrets, and grounds for termination. Remuneration packages offered to its employees are in line with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be rewarded to employees, taking into consideration the Group's performance and performance of individual employees. The Company provides pension to its employees as a certain percentage of their applicable salary in accordance with relevant laws and regulations of the PRC and abroad, as well as other benefits such as medical insurance and rental subsidies.

As at 31 December 2021, the Company had no share option schemes for employees.

Training for employees

The Company follows the principle of "position-related, input-output, division-based management, and collaborative sharing", and establishes a three-tier training management system comprising of Learning & Development Center, Human Resources Departments, and various departments. It takes fully into account the strategic planning and personalized growth needs of employees, and creates diverse learning opportunities and platforms for employees based on different training goals and requirements. It makes full use of internal and external knowledge resources to develop, formulate and introduce training courses suitable for the company's current and future needs to create a learning-oriented environment and accelerate the personal development of employees.

In 2021, the Company made full use of both online and offline learning platforms to expand the coverage of training, as well as broaden the range of training and enrich learning content; focusing on leadership and management capability development, transferable skill development and talent cultivation at key posts, the Company carried out training activities such as coach training, Goldwind Lectures and precise empowerment for key talents. During the year, the average training hours per capita reached 35.70 hours.

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 2021, the Company strictly complied with its disclosure obligations, improved its communications with investors, and strived to provide investors with a fair and transparent investment environment. During the same period, the Company's Investor Relations division organized two results announcement road shows and four results announcement telephone conferences, and accommodated 29 investor visits. The Company hosted a total of 446 investors through such events.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021 and up to the date of this report, there has been no change to the Company's memorandum and articles of association.

Deloitte.
德勤

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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 109 to 255, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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 2021, the carrying amount of trade receivables was approximately RMB23,585 million representing 19.76% 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 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 recognised 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 uncertainty are set out in notes 4, 5, 26 and 51 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, assessing the basis and appropriateness of management's estimation of expected cash flows on a sample basis; for impairment of trade receivables assessed collectively, reviewing the basis and appropriateness of management's judgement on whether the debtors in the same aging group have similar credit risk patterns, testing the accuracy of the ageing of trade receivable balances.
Provision for product warranties	
As at 31 December 2021, the provision for product warranties amounting to approximately RMB4,987 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 data and the warranty rates. 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 36 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 utilised 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 does 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
25 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
REVENUE	7	**50,416,079**	56,145,827
Cost of sales	8	**(39,229,022)**	(46,498,340)
Gross profit		**11,187,057**	9,647,487
Other income and gains, net	7	**2,784,095**	2,147,239
Selling and distribution expenses		**(3,173,720)**	(3,651,445)
Administrative expenses		**(3,529,854)**	(3,485,143)
Impairment losses under expected credit loss model, net		**(707,593)**	(149,547)
Other expenses	9	**(1,380,354)**	(618,201)
Finance costs	10	**(1,149,116)**	(881,005)
Share of results of:			
Joint ventures	19	**318,859**	247,674
Associates	20	**(10,149)**	16,481
PROFIT BEFORE TAX	8	**4,339,225**	3,273,540
Income tax expense	12	**(847,748)**	(308,064)
PROFIT FOR THE YEAR		**3,491,477**	2,965,476
Profit attributable to:			
Owners of the Company		**3,456,953**	2,963,514
Non-controlling interests		**34,524**	1,962
		3,491,477	2,965,476

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 RMB'000	2020 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		**7,284**	54,518
		7,284	54,518
Other comprehensive (expenses)/income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**(122,977)**	212,946
Changes in fair value of debt instruments measured at fair value through other comprehensive income		**10,235**	5,636
Cash flow hedges		**(91,139)**	266,682
Cost of fair value hedges		**80,639**	(43,049)
Hedges of net investment in foreign operations		**123,852**	(187,358)
Share of other comprehensive income/(expenses) of joint ventures and associates		**94,552**	(33,218)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**95,162**	221,639
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**102,446**	276,157
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,593,923**	3,241,633
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**3,557,083**	3,243,363
Non-controlling interests		**36,840**	(1,730)
		3,593,923	3,241,633
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (expressed in RMB per share)	14	**0.79**	0.67

Consolidated Statement of Financial Position

At 31 December 2021

	Notes	As at 31 December 2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**36,957,784**	33,380,435
Investment properties		**9,806**	10,083
Right-of-use assets	16	**2,706,771**	2,614,810
Goodwill	17	**163,265**	354,785
Other intangible assets	18	**5,810,090**	4,374,044
Interests in joint ventures	19	**4,553,804**	4,807,309
Interests in associates	20	**1,348,973**	1,595,197
Equity investments designated at fair value through other comprehensive income	21	**282,942**	249,179
Financial assets at fair value through profit or loss	22	**1,372,264**	1,091,480
Other non-current financial assets	23	**145,575**	50,893
Deferred tax assets	24	**2,604,434**	2,244,779
Financial receivables	27	**8,890,041**	7,997,292
Prepayments, other receivables and other assets	28	**3,380,188**	2,536,275
Contract assets	29	**3,003,533**	3,381,528
Derivative financial instruments	34	**85,083**	303,801
Pledged deposits	30	**109,707**	108,026
Total non-current assets		**71,424,260**	65,099,916
CURRENT ASSETS			
Inventories	25	**4,817,569**	5,717,595
Trade and bills receivables	26	**25,900,856**	22,976,906
Contract assets	29	**1,483,206**	1,402,033
Prepayments, other receivables and other assets	28	**4,531,944**	4,464,901
Financial receivables	27	**408,679**	350,438
Derivative financial instruments	34	**691,218**	299,369
Financial assets at fair value through profit or loss	22	**400,000**	500,000
Other non-current financial assets	23	**1,538**	53,145
Pledged deposits	30	**435,994**	564,654
Cash and cash equivalents	30	**8,141,296**	7,709,224
		46,812,300	44,038,265
Assets of disposal groups classified as held for sale	31	**1,123,632**	–
Total current assets		**47,935,932**	44,038,265
CURRENT LIABILITIES			
Trade and bills payables	32	**31,876,046**	28,610,039
Other payables and accruals	33	**9,618,225**	10,949,195
Derivative financial instruments	34	**31,273**	275,858
Interest-bearing bank and other borrowings	35	**4,864,007**	5,612,238
Tax payable		**797,655**	413,531
Provision	36	**1,975,805**	1,983,972
		49,163,011	47,844,833
Liabilities directly associated with the assets of disposal group classified as held for sale	31	**723,063**	–
Total current liabilities		**49,886,074**	47,844,833
NET CURRENT LIABILITIES		**(1,950,142)**	(3,806,568)
TOTAL ASSETS LESS CURRENT LIABILITIES		**69,474,118**	61,293,348

At 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
		As at 31 December	
NON-CURRENT LIABILITIES			
Trade payables	32	**1,762,492**	1,924,541
Other payables and accruals	33	**392,794**	494,663
Interest-bearing bank and other borrowings	35	**26,413,378**	19,942,934
Deferred tax liabilities	24	**941,083**	815,040
Provision	36	**3,343,374**	2,917,220
Government grants	37	**197,363**	211,007
Derivative financial instruments	34	**38**	–
Deferred income		**–**	14,653
Total non-current liabilities		**33,050,522**	26,320,058
Net assets		**36,423,596**	34,973,290
EQUITY			
Equity attributable to owners of the Company			
Share capital	38	**4,225,068**	4,225,068
Reserves	39	**31,316,715**	29,943,184
		35,541,783	34,168,252
Non-controlling interests		**881,813**	805,038
Total equity		**36,423,596**	34,973,290

The consolidated financial statements on pages 109 to 255 were approved and authorised for issue by the board of directors on 25 March 2022 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 2021

	Notes	Attributable to owners of the Company											
		Share capital RMB'000 (note 38)	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 40)	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2021		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
Profit for the year		–	–	–	–	–	–	–	–	3,456,953	3,456,953	34,524	3,491,477
Other comprehensive income/(expenses) for the year:													
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		–	–	–	–	7,284	–	–	–	–	7,284	–	7,284
Changes in fair value of debt instruments measured at fair value through other comprehensive income, net of tax		–	–	–	–	10,237	–	–	–	–	10,237	(2)	10,235
Cash flow hedges, net of tax		–	–	–	–	–	–	–	(91,139)	–	(91,139)	–	(91,139)
Hedges of net investment in foreign operations		–	–	–	–	–	–	–	123,852	–	123,852	–	123,852
Cost of fair value hedges, net of tax		–	–	–	–	–	–	–	80,639	–	80,639	–	80,639
Share of other comprehensive income of joint ventures and associates	19, 20	–	94,552	–	–	–	–	–	–	–	94,552	–	94,552
Exchange differences on translation of foreign operations		–	–	–	–	–	(125,295)	–	–	–	(125,295)	2,318	(122,977)
Total comprehensive income/(expenses) for the year		–	94,552	–	–	17,521	(125,295)	–	113,352	3,456,953	3,557,083	36,840	3,593,923
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	128,222	128,222
Acquisition of subsidiaries	41	–	–	–	–	–	–	–	–	–	–	9,908	9,908
Disposal of subsidiaries	42	–	–	–	–	–	–	–	–	–	–	(49,882)	(49,882)
Acquisition of non-controlling interests		–	2,407	–	–	–	–	–	–	–	2,407	(17,300)	(14,893)
Final 2020 dividend declared		–	–	–	–	–	–	–	–	(1,056,267)	(1,056,267)	(31,013)	(1,087,280)
Profit appropriation to reserves		–	–	–	112,591	–	–	–	–	(112,591)	–	–	–
Other changes of an investment in associate	20	–	(4,055)	–	–	–	–	–	–	–	(4,055)	–	(4,055)
Transfer to special reserve (note (i))		–	–	56,815	–	–	–	–	–	–	56,815	105	56,920
Utilisation of special reserve (note (i))		–	–	(56,815)	–	–	–	–	–	–	(56,815)	(105)	(56,920)
Capital contributions from other equity instruments holders		–	(1,415)	–	–	–	–	1,000,000	–	–	998,585	–	998,585
Redemption of other equity instruments		–	(5,929)	–	–	–	–	(1,993,618)	–	–	(1,999,547)	–	(1,999,547)
Distribution of other equity instruments		–	–	–	–	–	–	–	–	(124,675)	(124,675)	–	(124,675)
At 31 December 2021		4,225,068	12,174,120	–	1,646,282	83,644	(157,981)	1,997,000	16,895	15,556,755	35,541,783	881,813	36,423,596

	Notes	Share capital RMB'000 (note 38)	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 40)	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the Company											
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 income/(expenses) 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 (expenses)/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		–	–	–	–	–	–	–	–	–	–	60,447	60,447
Disposal of subsidiaries		–	54,196	–	–	–	–	–	–	–	54,196	(874,730)	(820,534)
Decrease on dissolving of subsidiaries		–	–	–	–	–	–	–	–	–	–	(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 an 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

Note (i): In preparation of these consolidated financial statements, the Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2020 and 2021, 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 utilised.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**4,339,225**	3,273,540
Adjustments for:			
Finance costs	10	**1,149,116**	881,005
Foreign exchange (gain)/loss, net		**(95,223)**	18,547
Interest income	7	**(410,539)**	(327,563)
Share of results of joint ventures	19	**(318,859)**	(247,674)
Share of results of associates	20	**10,149**	(16,481)
Depreciation of property, plant and equipment and investment properties	8	**1,821,142**	1,616,476
Depreciation of right-of-use assets	8	**145,833**	131,337
Amortisation of other intangible assets	8	**362,229**	211,304
Gain on disposal of items of property, plant and equipment and other intangible assets, net	8	**(98)**	(10,401)
Gain on disposal of subsidiaries	7	**(718,171)**	(264,860)
Gain on dissolving of subsidiaries	7	**–**	(9,230)
Gain on disposal of investment properties	7	**–**	(18,814)
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	7	**(64,637)**	(775,356)
Gain on disposal of interests in associates and joint ventures, net	7	**(815,121)**	(217,732)
Gain on disposal of financial assets at fair value through profit or loss	7	**(76,539)**	(111,911)
Loss on disposal other financial assets	7	**31,787**	–
Dividend income from other non-current financial assets	7	**(13,660)**	(30,418)
Dividend income from an financial assets at fair value through profit and loss	7	**(15,850)**	(8,551)
Dividend income from financial assets at fair value through other comprehensive income	7	**(8,732)**	(3,006)
Fair value loss, net on financial assets of fair value through profit or loss	7	**57,588**	119,680
Fair value gain on derivative financial instruments – transactions not qualifying as hedges	7	**(124,115)**	(129,143)
Impairment of trade and other receivables	8	**648,938**	145,286
Impairment of financial receivables	8	**54,520**	4,055
Impairment of contract assets	8	**4,185**	412
Reversal of impairment of other non-current financial assets	8	**(50)**	(206)
Impairment of inventories to net realisable value	8	**118,557**	255,651
Impairment of property, plant and equipment	8	**143,192**	151,532
Impairment of goodwill	8	**175,682**	18,110
Impairment of other intangible assets	8	**612,511**	–
Operating cash flows before working capital changes		**7,013,060**	4,655,589

	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
Decrease in inventories		**982,517**	607,736
Decrease in contract assets		**293,624**	614,226
Increase in trade and bills receivables		**(3,252,011)**	(5,032,632)
Increase in financial receivables		**(1,006,577)**	(424,406)
Increase in prepayments, other receivables and other assets		**(2,187,495)**	(696,187)
Increase in trade and bills payables		**3,058,649**	5,396,055
Increase/(decrease) in other payables and accruals		**289,913**	(708,449)
Increase in provision		**432,325**	1,185,125
Decrease in government grants and deferred income		**(13,644)**	(3,503)
Cash generated from operations		**5,610,361**	5,593,554
Income tax paid		**(847,748)**	(308,064)
Interest received		**123,895**	91,955
Net cash flows from operating activities		**4,886,508**	5,377,445
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(9,797,546)**	(7,578,427)
Additions of right-of-use assets		**(73,269)**	(24,013)
Additions of other intangible assets		**(817,719)**	(58,262)
Acquisitions of subsidiaries, net of cash acquired	41	**(508,568)**	(352,474)
Increase in advances to equity investment		**(227,462)**	(369,955)
Acquisitions of interests in joint ventures		**(515,000)**	(235,732)
Acquisitions of interests in associates		**(68,764)**	(144,896)
Purchases of equity investments at fair value through other comprehensive income		**(28,058)**	(8,000)
Purchases of financial assets at fair value through profit or loss		**(355,794)**	(1,000,000)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		**116,681**	234,731
Disposals of financial assets at fair value through profit or loss		**112,478**	748,724
Disposals of subsidiaries, net of cash disposed of	42	**1,515,002**	1,753,760
Cash received from disposal of subsidiaries during previous year		**–**	795,387
Disposals of other non-current financial assets		**53,195**	156,000
Disposal of equity investment designated at fair value through other comprehensive income		**–**	29,783
Disposals of shareholding in associates and joint ventures		**2,275,586**	236,450
Decrease in pledged deposits		**–**	33,421
Dividend income from financial assets at fair value through profit or loss		**15,850**	8,551
Dividend received from other non-current financial assets		**13,660**	30,418
Dividend received from joint ventures and associates		**499,353**	99,136
Dividend received from equity investments at fair value through other comprehensive income		**8,732**	3,006
Increase in non-pledged time deposits with original maturity of three months or more when acquired		**(2,886)**	(10,252)
Loans to joint ventures, associates and third parties		**(186,947)**	(115,525)
Cash from other investments		**98,663**	48,915
Net cash flows used in investing activities		**(7,872,813)**	(5,719,254)

	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings	43(b)	**15,738,126**	8,276,693
Repayment of bank and other borrowings	43(b)	**(8,432,364)**	(6,021,033)
Interest paid	43(b)	**(1,251,854)**	(976,832)
Fees for new bank and other borrowings		**(30,984)**	(65,432)
Capital contributions from non-controlling shareholders		**128,222**	56,644
Dividend paid	43(b)	**(1,238,110)**	(784,390)
Capital contributions from other equity instruments holders		**998,585**	997,000
Other cash payment to pre-shareholders		**(370,000)**	(7,440)
Increase in pledged time deposit		**(76,686)**	(5,325)
Repayment of other equity instruments		**(1,993,618)**	–
Net cash flows from financing activities		**3,471,317**	1,469,885
NET INCREASE IN CASH AND CASH EQUIVALENTS		**485,012**	1,128,076
Cash and cash equivalents at beginning of year		**7,705,323**	6,807,417
Effect of foreign exchange rate changes, net		**(50,054)**	(230,170)
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**8,140,281**	7,705,323

1. GENERAL INFORMATION

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 Group was involved in the following principal activities:

- Research and development, manufacture and sale of wind turbine generators and spare parts;
- Wind farm construction, post-warranty service and asset management 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 applicable; and
- Development and operation of water treatment plants.

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		Principal activities
			Direct	Indirect	
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	RMB2,000,000,000	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 Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Guangdong Goldwind Science & Technology Co., Ltd. (廣東金風科技有限公司)	The PRC/Mainland China	RMB100,000,000	100	–	Manufacture and sale of wind power equipment and accessories
Guodian Yinhe Water Co., Ltd. (國電銀河水務股份有限公司)	The PRC/Mainland China	RMB300,000,000	–	100	Development and operation of water treatment plants
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
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 2021. 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 following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	*Covid-19-Related Rent Concessions*
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of 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 years and/or on the disclosures set out in these consolidated financial statements.

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*[3]
Amendments to IFRS 3	*Reference to the conceptual Framework*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts-Cost of Fulfilling a Contract*[2]
Amendments to IFRSs	*Annual Improvements to IFRSs 2018-2020*[2]

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

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.

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

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 2021, sale proceeds and related costs included in property, plant and equipment amounted to RMB330,242,000 and RMB40,803,000, 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 2021, 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 2021. 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

Interests in associates and joint ventures

An associate is an entity over which the Group has 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 interests 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 interests 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*.

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

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.

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.

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

4.2 Significant accounting policies (continued)

Business combinations and goodwill (continued)

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

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

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

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.

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

4.2 Significant accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated 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.

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 financial 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.

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

4.2 Significant accounting policies (continued)

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

(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.

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

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.

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.

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

4.2 Significant accounting policies (continued)

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.

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.

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)

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 20 to 35 years. Details are given in "Service concession agreements" below.

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.

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

4.2 Significant accounting policies (continued)

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.

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 consolidated 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 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.

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

4.2 Significant accounting policies (continued)

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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

(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 re-measurement 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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

4.2 Significant accounting policies (continued)

Leases (continued)

Group as a lessee (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, initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the measurement of the net investments in the lease and presented as a receivable. 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 consolidated 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 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.

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.

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).

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 (continued)

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.

The Group may 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 *Financial Instruments* ("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 consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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)

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)

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 hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedging 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.

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.

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 (continued)

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.

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.

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

4.2 Significant accounting policies (continued)

Inventories

Inventories include raw materials, work in process, finished and semi-finished goods, development cost of power station products, low-value consumables and others.

Inventories are stated at the lower of cost and net realisable value. Development cost of power station products is accounted for using the specific-unit-cost method, and the cost of other inventories is determined on the weighted average basis. In the case of work in progress, semi-finished goods and finished goods, the cost comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value represents the estimated selling prices for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

The power station projects are initially classified as either inventories or property, plant and equipment according to the initial approved development plan of the project. The power station projects that are initially set up and developed with a clearly defined sole purpose to sell to customers upon completion are accounted for and presented as "Inventories-development cost of power station products" in the consolidated statement of financial position. The power station projects that, according to the initial project setup and approval, the Group plans to hold and operate or does not have a clearly defined plan to sell the power station projects to customers upon completion are classified as non-current assets and accounted for and presented as property, plant and equipment in the consolidated statement of financial position from inception.

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.

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.

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

4.2 Significant accounting policies (continued)

Provisions (continued)

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.

Contingent assets/liabilities

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

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

4.2 Significant accounting policies (continued)

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.

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 the right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on the right-of-use assets over the lease payments for the principal portion of lease liabilities results 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.

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

4.2 Significant accounting policies (continued)

Income tax (continued)

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.

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.

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.

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

4.2 Significant accounting policies (continued)

Government grants (continued)

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.

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.

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

4.2 Significant accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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.

Sale of electricity

Revenue from the sale of electricity, which is recognised 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.

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

4.2 Significant accounting policies (continued)

Revenue recognition (continued)

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.

Power station project product sales contracts

Sale of power station project, which is initially classified and accounted for as inventory, as a product to customer is part of the Group's ordinary course of business. The performance obligation under such contract is satisfied at a point of time when the control of the power station project is transferred to the customer. Currently, the transfer of a power station project product to the customer is realized by selling the entire equity interest in the project company holding the respective power station project. The amount of revenue from the sale of the power station project product is recognized based on the consideration for the disposal of the entire equity interest in the project company holding the respective power station project.

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 consolidated 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.

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).

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

4.2 Significant accounting policies (continued)

Foreign currencies (continued)

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 are 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 unfavourable 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 judgements and estimates, and requires consideration for all reasonable and proofed information, including forward-looking information. The Group make these judgements and estimates based on its historical credit loss experience 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 ECL is calculated based on the combination of individual and collective assessment. 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 judgement of the management. When the cost of inventory is lower than the net realisable 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

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. For a combination of contracts with similar characteristics, considering all relevant information such as product improvements and market changes, the Group 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 determine the fair value using income approach or when the value in use calculations are undertaken, management must estimate the expected gross margin rate, perpetual increase 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 spare parts;

(b) the wind power services segment provides wind power construction, post-warranty service and asset management 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.

Management, being the chief operating decision maker (the "CODM"), 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 prevailing market prices.

6. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2021

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 7):						
Revenue from external customers	39,932,082	4,082,038	5,327,104	1,074,855	–	50,416,079
Intersegment sales	4,169,175	894,791	18,376	13,969	(5,096,311)	–
Total revenue	44,101,257	4,976,829	5,345,480	1,088,824	(5,096,311)	50,416,079
Segment results	2,583,965	24,840	4,190,998	287,823	(2,009,824)	5,077,802
Interest income	538,046	5,330	87,970	329,599	(550,406)	410,539
Finance costs	(376,682)	(14,323)	(1,066,114)	(222,182)	530,185	(1,149,116)
Profit before tax	2,745,329	15,847	3,212,854	395,240	(2,030,045)	4,339,225
Segment assets	90,250,061	15,536,735	53,124,825	21,944,789	(61,496,218)	119,360,192
Segment liabilities	57,199,559	12,343,814	38,244,940	13,498,297	(38,350,014)	82,936,596
Other segment information:						
Share of results of:						
Joint ventures	252	–	317,729	2,000	(1,122)	318,859
Associates	(13,343)	60	(31,811)	24,790	10,155	(10,149)
Depreciation and amortisation[1]	742,348	226,844	1,379,688	132,297	(120,884)	2,360,293
Impairment/(reversal of impairment) of write-down of inventories, net	120,936	(2,379)	–	–	–	118,557
Impairment/(reversal of impairment) of trade and other receivables, net	474,897	35,747	27,718	111,177	(601)	648,938
Impairment/(reversal of impairment) of contract assets, net	–	(100)	–	–	4,285	4,185
Reversal of impairment of other non-current financial assets, net	(50)	–	–	–	–	(50)
Impairment/(reversal of impairment) of financial receivables, net	–	–	–	58,805	(4,285)	54,520
Impairment of property, plant and equipment	–	2,431	140,761	–	–	143,192
Impairment of other intangible asset	552,260	–	43,515	16,736	–	612,511
Impairment of goodwill	175,682	–	–	–	–	175,682
Product warranty provision	2,678,036	–	–	–	–	2,678,036
Interests in joint ventures	3,558	–	4,529,840	20,406	–	4,553,804
Interests in associates	314,797	10,244	461,557	562,375	–	1,348,973
Capital expenditure[2]	1,700,024	292,431	9,265,730	1,765,867	(1,194,477)	11,829,575

6. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2020

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (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 results 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/(reversal of 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
Interests in joint ventures	3,319	–	4,605,806	260,221	(62,037)	4,807,309
Interests 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

(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	
	2021	2020
	RMB'000	RMB'000
China	**44,355,755**	51,551,335
Overseas	**6,060,324**	4,594,492
	50,416,079	56,145,827

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

(b) Non-current assets

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
China	**51,291,093**	43,718,712
United States of America	**98,800**	111,585
Australia	**4,383,601**	4,437,087
Argentina	**3,598,488**	4,048,846
Germany	**224,033**	398,168
Other countries	**11,811**	10,063
	59,607,826	52,724,461

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

For the year ended 31 December 2021, revenue of approximately RMB6,005,200,000 was derived from sales by wind turbine generator manufacturing and sale and wind power services segment to a single customer, including sales to a group of entities which are known to be under the control with that customer, which individually accounted for over 10% of the Group's total revenue.

The Group did not have any single customer contributing for 10% or more of the total sales of the Group for 2020.

7. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	**50,092,218**	55,837,250
Revenue from other sources		
Finance lease service	**323,861**	308,577
	50,416,079	56,145,827

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Wind turbine generator manufacturing and sale	39,932,082	–	–	–	39,932,082
Wind farm development	–	–	5,327,104	–	5,327,104
Wind power services	–	3,758,177	–	–	3,758,177
Others	–	–	–	1,074,855	1,074,855
Total revenue from contracts with customers	39,932,082	3,758,177	5,327,104	1,074,855	50,092,218
Geographical markets					
China	35,168,437	3,234,274	4,554,328	1,074,855	44,031,894
Other countries	4,763,645	523,903	772,776	–	6,060,324
Total revenue from contracts with customers	39,932,082	3,758,177	5,327,104	1,074,855	50,092,218
Timing of revenue recognition					
Goods transferred at a point in time	39,932,082	–	5,327,104	507,737	45,766,923
Services transferred over time	–	3,758,177	–	567,118	4,325,295
Total revenue from contracts with customers	39,932,082	3,758,177	5,327,104	1,074,855	50,092,218

7. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2020

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Wind turbine generator manufacturing and sale	46,658,568	–	–	–	46,658,568
Wind farm development	–	–	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	4,433,703	4,018,720	726,259	55,837,250
Geographical markets					
China	44,214,710	2,600,152	3,701,637	726,259	51,242,758
Other countries	2,443,858	1,833,551	317,083	–	4,594,492
Total revenue from contracts with customers	46,658,568	4,433,703	4,018,720	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	4,433,703	4,018,720	726,259	55,837,250

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 2021

Segments	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers	44,101,257	4,652,968	5,345,480	1,088,824	55,188,529
External customers	39,932,082	3,758,177	5,327,104	1,074,855	50,092,218
Intersegment sales	4,169,175	894,791	18,376	13,969	5,096,311
Intersegment adjustments and eliminations	(4,169,175)	(894,791)	(18,376)	(13,969)	(5,096,311)
Total revenue from contracts with customers	39,932,082	3,758,177	5,327,104	1,074,855	50,092,218

For the year ended 31 December 2020

Segments	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers	51,889,985	5,618,132	4,019,097	953,669	62,480,883
External customers	46,658,568	4,433,703	4,018,720	726,259	55,837,250
Intersegment sales	5,231,417	1,184,429	377	227,410	6,643,633
Intersegment adjustments and eliminations	(5,231,417)	(1,184,429)	(377)	(227,410)	(6,643,633)
Total revenue from contracts with customers	46,658,568	4,433,703	4,018,720	726,259	55,837,250

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 2021 RMB'000	Year ended 31 December 2020 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Wind turbine generator manufacturing and sale	**5,624,972**	4,431,989
Construction services	**684,198**	306,350
Others	**16,936**	88,489
	6,326,106	4,826,828

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 spare parts

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 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.

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.

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	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
Interest income		410,539	327,563
Dividend income from equity investments at fair value through other comprehensive income		8,732	3,006
Dividend income from other non-current financial assets		13,660	30,418
Dividend income from financial assets at fair value through profit and loss		15,850	8,551
Gross rental income from investment properties and equipment		54,147	14,728
Government grants		275,032	142,233
Value-added tax ("VAT") refund		143,452	87,519
Provision of technical service		34,169	10,009
Loss on disposal of financial assets measured at amortised cost	(i)	(31,787)	–
Gain/(loss) on disposal of subsidiaries:			
Gain on disposal of interests in subsidiaries	42	718,171	463,945
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	42	64,637	775,356
Gain on disposal of financial assets at fair value through profit or loss		76,539	111,911
Gain on disposal of items of property, plant and equipment and other intangible assets		630	16,707
Gain on disposal of investment properties		–	18,814
Gain on disposal of associates and joint ventures, net		815,121	217,732
Fair value gains/(losses), net:			
Derivative financial instruments – transactions not qualifying as hedges		124,115	129,143
Financial assets at fair value through profit or loss		(57,588)	(119,680)
Others		118,676	108,369
		2,784,095	2,147,239

Note (i): During the year of 2021, the Group carried out CDB Securities-Goldwind Accounts Receivable Phase 1 Green Asset-backed Securities (ABS) to securitise the trade receivables generated from sale of wind turbine generators. The difference of RMB31,787,000 between transferred trade receivables and cash received has been charged to profit or loss.

8. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cost of inventories sold		**32,978,060**	40,192,017
Cost of services provided		**3,590,631**	4,555,300
Cost of wind power generation		**1,748,658**	1,304,340
Cost of others		**911,673**	446,683
		39,229,022	46,498,340
Depreciation of property, plant and equipment	15	**1,820,865**	1,615,683
Depreciation of investment properties		**277**	793
Depreciation of right-of-use assets	16(a)	**145,833**	131,337
Amortisation of other intangible assets	18	**362,229**	211,304
		2,329,204	1,959,117
Impairment of trade receivables	26	**626,218**	204,962
Reversal of impairment of trade receivables	26	**(73,679)**	(142,891)
		552,539	62,071
Impairment of other receivables	28	**99,930**	98,528
Reversal of impairment of other receivables	28	**(3,531)**	(15,313)
		96,399	83,215
Impairment of contract assets	29	**5,001**	3,886
Reversal of impairment of contract assets	29	**(816)**	(3,474)
		4,185	412
Impairment of other non-current financial assets	23	**–**	–
Reversal of impairment of other non-current financial assets	23	**(50)**	(206)
		(50)	(206)
Impairment of financial receivables	27	**64,944**	12,466
Reversal of impairment of financial receivables	27	**(10,424)**	(8,411)
		54,520	4,055

8. PROFIT BEFORE TAX (continued)

		Year ended 31 December	
	Notes	**2021 RMB'000**	2020 RMB'000
Impairment of write-down of inventories		**126,115**	255,651
Reversal of impairment of write-down of inventories		**(7,558)**	–
		118,557	255,651
Impairment of property, plant and equipment	15	**143,192**	151,532
Impairment of other intangible assets	18	**612,511**	–
Impairment of goodwill	17	**175,682**	18,110
Gain on disposal of items of property, plant and equipment and other intangible assets, net		**(98)**	(10,401)
Lease payments not included in the measurement of lease liabilities	16(c)	**138,674**	206,232
Auditors' remuneration		**11,450**	11,158
Employee benefit expenses (including Directors' and supervisors' remuneration):			
Wages and salaries		**2,127,711**	1,862,100
Pension scheme contributions (i)		**251,506**	144,615
Welfare and other expenses		**410,257**	359,043
		2,789,474	2,365,758
Research and development costs:			
Staff costs		**704,293**	615,366
Amortisation and depreciation		**158,935**	134,778
Materials expenditure and others		**720,292**	727,959
		1,583,520	1,478,103
Product warranty provision:			
Additional provision	36	**3,397,580**	2,672,606
Reversal of unutilised provision	36	**(719,544)**	(451,641)
		2,678,036	2,220,965
Delayed operation expenses (ii)	44	**(161,303)**	382,313

8. PROFIT BEFORE TAX (continued)

(i) During the year, there was no forfeited contributions made by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions may be used by the Group, as the employer, to reduce existing level of contributions (2020: Nil).

(ii) During the year of 2020, 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. During the year of 2021, the delayed operation expenses was reduced by RMB161,303,000 after negotiation with the local power grid companies.

9. OTHER EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Rental cost	**8,072**	2,639
Bank charges	**151,384**	128,276
Asset impairment provision	**931,385**	169,642
Foreign exchange loss, net	**191,422**	254,154
Loss on disposal of non-current assets	**532**	789
Penalty expenses	**28,463**	5,501
Loss on damage and retirement of non-current assets	**–**	832
Public welfare donations	**9,755**	6,067
Other	**59,341**	50,301
	1,380,354	618,201

10. FINANCE COSTS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest on bank loans and other borrowings	**1,229,841**	966,495
Interest on lease liabilities	**79,491**	79,997
Less: Interest capitalised	**(160,216)**	(165,487)
	1,149,116	881,005

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	
	2021	2020
	RMB'000	RMB'000
Fees	**600**	600
Other emoluments:		
– Salaries, allowances and benefits in kind	**6,763**	6,580
– Performance related bonuses	**13,106**	12,046
– Pension scheme contributions	**235**	134
	20,704	19,360

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 2021

	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		–	1,499	4,334	38	5,871
Cao Zhigang (the chief executive officer)		–	1,814	4,230	53	6,097
Wang Haibo		–	1,721	3,608	53	5,382
		–	5,034	12,172	144	17,350
Non-executive directors						
Lu Hailin		–	–	–	–	–
Gao Jianjun		–	–	–	–	–
Wang Kaiguo	(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	(iii)	–	–	–	–	–
Lu Min		–	872	460	53	1,385
Ji Tian		–	857	474	38	1,369
		–	1,729	934	91	2,754
		600	6,763	13,106	235	20,704

(i) Wang Kaiguo was appointed as a non-executive director of the Company with effect from 29 June 2021.

(ii) Dong Zhenyu resigned as a non-executive director of the Company with effect from 12 April 2021.

(iii) Xiao Hong resigned as a Supervisor of the Company with effect from 17 December 2021.

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors and supervisors' remuneration (continued)

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 officer)		–	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)

(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:

	Year ended 31 December	
	2021	2020
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	
	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	**3,634**	4,401
Performance related bonuses	**7,024**	6,561
Pension scheme contributions	**53**	77
	10,711	11,039

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

	Year ended 31 December	
	2021	2020
HK$6,000,000 to HK$6,500,000	**1**	1
HK$6,500,000 to HK$7,000,000	**1**	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 nine subsidiaries of the Company (2020: the Company and eight 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 year ended 31 December 2021 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%. The part of the annual taxable income of small micro-profit enterprises does not exceed RMB1 million, in addition to the original provisions of the preferential policies, and then reduce the corporate income tax by half. The preferential period is from 1 January, 2021 to 31 December, 2022.

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% (2020: 10% to 30%).

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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	**2021 RMB'000**	2020 RMB'000
Current			
– China		**1,303,071**	814,178
– Elsewhere		**17,250**	25,405
		1,320,321	839,583
Deferred	24	**(472,573)**	(531,519)
Tax expense for the year		**847,748**	308,064

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	
	2021	2020
	RMB'000	RMB'000
Profit before tax	**4,339,225**	3,273,540
Tax at the statutory tax rate of 25%	**1,084,806**	818,385
Effect of different income tax rates for overseas entities	**(23,676)**	15,023
Effect of the preferential income tax rates for domestic entities	**(337,452)**	(441,901)
Effect of income tax rate change	**3,018**	16,531
Tax effect on unrecognised tax losses and temporary differences	**220,912**	168,032
Utilisation of previously unrecognised tax losses and temporary differences	**(35,298)**	(39,099)
Income not subject to tax	**(3,437)**	(2,889)
Expenses not deductible for tax	**28,688**	29,604
Additional tax deduction for research and development expenditure	**(90,665)**	(95,637)
Profits attributable to joint ventures	**(79,715)**	(61,919)
Profits attributable to associates	**2,537**	(4,120)
Tax impact on re-measurement of the remaining equity interests in investees at the date of losing control	**(16,159)**	(193,839)
Others	**94,189**	99,893
Tax expense for the year at the effective rate of 19.5% (2020: 9.4%)	**847,748**	308,064

13. DIVIDENDS

For the year ended 31 December 2021, 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 final cash dividends of RMB2.5 (tax included) per each 10 shares, which amounted to RMB1,056,267,000 of cash dividends for the year ended 31 December 2020, were approved by the Company's shareholders on 28 June 2021.

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 2021 and 2020.

The calculation of basic earnings per share is based on:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	**3,456,953**	2,963,514
Less: Distribution relating to the medium-term notes (i)	**(124,675)**	(119,044)
Profit used to determine basic earnings per share	**3,332,278**	2,844,470
Weighted average number of ordinary shares in issue ('000)	**4,225,068**	4,225,068
Basic earnings per share (expressed in RMB per share)	**0.79**	0.67

(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 2021 and 2020, was deducted from earnings when calculating the earnings per share for the years ended 31 December 2021 and 31 December 2020.

15. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 December 2021					
	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 2021	1,532,935	23,530,617	91,517	689,870	12,979,323	38,824,262
Additions	198,042	443,659	7,990	49,472	8,849,060	9,548,223
Disposals	(43,302)	(417,828)	(12,137)	(48,047)	(26,660)	(547,974)
Acquisition of subsidiaries (note 41)	–	764	154	25	31,320	32,263
Disposals of subsidiaries (note 42)	(318,338)	(2,945,805)	(306)	(4,004)	(43,722)	(3,312,175)
Decrease on dissolving of subsidiaries	–	(678)	–	(160)	(15,014)	(15,852)
Transfers	613,705	8,996,628	–	961	(9,611,294)	–
Transfer from right-of-use assets (note 16)	31,448	–	–	–	–	31,448
Transfer to assets of disposal groups classified as held for sale (note 31)	(111,579)	(1,004,269)	–	(1,006)	–	(1,116,854)
Exchange realignment	(14,991)	(97,378)	(2,490)	(14,487)	(303,226)	(432,572)
At 31 December 2021	1,887,920	28,505,710	84,728	672,624	11,859,787	43,010,769
Accumulated depreciation and impairment:						
At 1 January 2021	(288,918)	(4,578,315)	(50,790)	(405,291)	(120,513)	(5,443,827)
Depreciation provided during the year (note 8)	(195,615)	(1,551,957)	(10,959)	(62,334)	–	(1,820,865)
Disposals	1,931	137,745	8,387	37,865	–	185,928
Disposals of subsidiaries (note 42)	84,104	756,939	206	3,279	–	844,528
Decrease on dissolving of subsidiaries	–	588	–	66	11,789	12,443
Transfer from right-of-use assets (note 16)	(1,438)	–	–	–	–	(1,438)
Transfer to assets of disposal groups classified as held for sale (note 31)	35,019	254,644	–	515	–	290,178
Impairment	(2,431)	(106,878)	–	–	(33,883)	(143,192)
Exchange realignment	2,332	12,719	1,334	6,875	–	23,260
At 31 December 2021	(365,016)	(5,074,515)	(51,822)	(419,025)	(142,607)	(6,052,985)
Net carrying amount:						
At 31 December 2021	1,522,904	23,431,195	32,906	253,599	11,717,180	36,957,784
At 1 January 2021	1,244,017	18,952,302	40,727	284,579	12,858,810	33,380,435

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	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	–	277,657	402	451	296,443	574,953
Disposals of subsidiaries	–	(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 realised 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	–	331,275	–	–	–	331,275
Depreciation from unrealised gains	–	92,387	–	–	–	92,387
Impairment	–	(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

The net carrying amount of construction in progress of the Group included capitalised interest of RMB159,972,000 (2020: RMB165,487,000) charged for the year 2021 prior to being transferred to buildings, machinery, vehicles and electronic equipment.

As at 31 December 2021, certain of the Group's property, plant and equipment, with a net carrying amount of RMB15,937,983,000 (31 December 2020: RMB12,920,742,000), were pledged to secure certain of the Group's bank loans (Note 35).

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 2021					
	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 2021	913,596	211,637	1,712,102	13,798	28,634	2,879,767
Additions	169,208	129,658	838,753	1,123	–	1,138,742
Acquisition of subsidiaries(note 41)	–	514	–	–	–	514
Disposals of subsidiaries (note 42)	(24,285)	–	(760,222)	–	(11,539)	(796,046)
Transfer to property, plant and equipment (note 15)	–	(31,448)	–	–	–	(31,448)
Transfer to assets of disposal groups classified as held for sale (note 31)	(4,225)	–	–	–	–	(4,225)
Others	(41,941)	(46,778)	–	–	–	(88,719)
Exchange realignment	(28,884)	(6,610)	–	–	–	(35,494)
At 31 December 2021	983,469	256,973	1,790,633	14,921	17,095	3,063,091
Depreciation charge:						
At 1 January 2021	(113,895)	(94,485)	(42,882)	(9,778)	(3,917)	(264,957)
Depreciation provided during the year (note 8)	(32,101)	(30,204)	(81,981)	(553)	(994)	(145,833)
Disposals of subsidiaries (note 42)	2,658	–	12,431	–	1,503	16,592
Transfer to property, plant and equipment (note 15)	–	1,438	–	–	–	1,438
Transfer to assets of disposal groups classified as held for sale (note 31)	451	–	–	–	–	451
Others	1,252	30,478	–	–	–	31,730
Exchange realignment	1,855	2,404	–	–	–	4,259
At 31 December 2021	(139,780)	(90,369)	(112,432)	(10,331)	(3,408)	(356,320)
Net carrying amount:						
At 31 December 2021	843,689	166,604	1,678,201	4,590	13,687	2,706,771
At 1 January 2021	799,701	117,152	1,669,220	4,020	24,717	2,614,810

16. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

	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 subsidiaries	–	–	472,173	–	–	472,173
Disposals of subsidiaries	(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	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

As at 31 December 2021, certain of the Group's right-of-use assets, with a net carrying amount of RMB153,461,000 (2020: RMB160,260,000), were pledged to secure certain of the Group's bank loans (note 35).

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 2021 Lease liabilities RMB'000	Year ended 31 December 2020 Lease liabilities RMB'000
Carrying amount at 1 January		**2,118,308**	779,626
New leases		**920,134**	1,035,361
Accretion of interest recognised during the year		**79,491**	79,997
Acquisition of a subsidiary		**–**	472,173
Disposal of subsidiaries	42	**(702,954)**	(101,587)
Payments		**(269,490)**	(144,929)
Exchange realignment		**3,675**	(2,333)
Carrying amount at 31 December		**2,149,164**	2,118,308
Analysed into:			
Current portion	35	**109,428**	213,783
Non-current portion	35	**2,039,736**	1,904,525

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
Interest on lease liabilities	**79,491**	79,997
Depreciation charge of right-of-use assets	**145,833**	131,337
Expense relating to short-term leases and other leases with remaining lease terms ended within one year	**138,674**	206,232
Total amount recognised in profit or loss	**363,998**	417,566

17. GOODWILL

	Notes	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cost and net carrying amount at beginning of year		**354,785**	470,160
Disposal of subsidiaries		**–**	(103,488)
Decrease on dissolving of subsidiaries		**–**	(7,647)
Impairment of goodwill	8	**(175,682)**	(18,110)
Exchange realignment		**(15,838)**	13,870
Cost and net carrying amount at end of year		**163,265**	354,785

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

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
At beginning of year		**30,903**	20,577
Impairment losses recognised	8	**175,682**	18,110
Decrease on dissolving of subsidiaries		**–**	(7,647)
Exchange realignment		**(12,530)**	(137)
At end of year		**194,055**	30,903

17. GOODWILL (continued)

Impairment testing of goodwill

For the purposes of impairment testing, goodwill have been allocated to individual cash-generating units, comprising Vensys Energy AG and several subsidiaries engaged in wind farm development.

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 14.33% (2020: 14.50%).The growth rate used to extrapolate the cash flow of Vensys Energy AG beyond the three-year period is 2% (2020: 2%). Based on the result of the impairment testing of goodwill, the Group recognize impairment losses of RMB175,682,000 (2020: RMB18,110,000) this year.

The recoverable amount of subsidiaries 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 9.63% to 20.17% (2020: 9.75% to 16.82%). Based on the result of the impairment testing of goodwill, the Group did not recognize impairment losses for this year.

Assumptions were used in the value in use calculation of relevant units as at 31 December 2021 and 2020. 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 the Group's historical experience and external information sources.

18. OTHER INTANGIBLE ASSETS

	Year ended 31 December 2021						
	Technology licences RMB'000	Office software RMB'000	Patents and technology know-how RMB'000 Note (ii)	Development costs RMB'000 Note (iii)	Water treatment operating concession RMB'000 Note (i)(ii)	Wind farm development and operating permit RMB'000 Note (ii)	Total RMB'000
Cost:							
At 1 January 2021	19,023	418,144	1,441,523	678,524	2,112,306	782,433	5,451,953
Additions	–	41,126	10,502	653,922	185,438	–	890,988
Acquisition of subsidiaries (note 41)	–	–	–	–	1,095,297	61,200	1,156,497
Disposals	–	(16,365)	–	–	–	–	(16,365)
Disposals of subsidiaries (note 42)	–	(1,873)	–	–	–	(71,208)	(73,081)
Transfer	–	23,899	237,669	(261,568)	–	–	–
Transfer from financial receivables	–	–	–	–	447,071	–	447,071
Exchange realignment	–	(1,267)	(22,429)	–	–	(13,805)	(37,501)
At 31 December 2021	19,023	463,664	1,667,265	1,070,878	3,840,112	758,620	7,819,562
Accumulated amortisation and impairment:							
At 1 January 2021	(19,023)	(166,161)	(432,527)	–	(340,150)	(120,048)	(1,077,909)
Amortisation provided during the year (note 8)	–	(58,898)	(140,149)	–	(133,990)	(29,192)	(362,229)
Impairment (note 8)	–	–	(227,512)	(324,748)	(16,736)	(43,515)	(612,511)
Disposals	–	14,938	–	–	–	–	14,938
Disposals of subsidiaries (note 42)	–	308	–	–	–	1,918	2,226
Exchange realignment	–	1,061	22,407	–	–	2,545	26,013
At 31 December 2021	(19,023)	(208,752)	(777,781)	(324,748)	(490,876)	(188,292)	(2,009,472)
Net carrying amount:							
At 31 December 2021	–	254,912	889,484	746,130	3,349,236	570,328	5,810,090
At 1 January 2021	–	251,983	1,008,996	678,524	1,772,156	662,385	4,374,044

18. OTHER INTANGIBLE ASSETS (continued)

	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	–	–	12,399	–	41,104	164,905	218,408
Disposals	–	(11,845)	(61,153)	–	–	–	(72,998)
Disposals of subsidiaries	–	–	–	–	–	(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	–	–	–	–	–	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)

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 20 to 35 years (the "service concession period") and transferring the infrastructure with nil consideration at the end of the service concession period.

Note (ii): The management of the Group concluded there was indication for impairment and conducted impairment assessment on certain intangible assets with finite useful lives with carrying amounts of RMB367,679,000. The recoverable amounts of these assets are estimated on an individual basis.

The recoverable amounts of certain intangible assets with finite useful lives have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of RMB79,916,000, after deducting an impairment loss of RMB287,763,000 and has been charged to profit or loss within the relevant segment to which these assets relate during the year.

Note (iii): The recoverable amounts of certain development cost have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of Nil, which is their carrying value at year end and the impairment loss of RMB324,748,000 has been charged to profit or loss within the relevant segment to which these assets relate during the year.

As at 31 December 2021, certain of the Group's other intangible assets, with a net carrying amount of RMB154,750,000 (2020: Nil), were pledged to secure certain of the Group's bank loans (note 35).

19. INTERESTS IN JOINT VENTURES

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, 32 and 33 to the consolidated financial statements, respectively.

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

	Year ended 31 December	
	2021 **RMB'000**	2020 RMB'000
Share of the joint ventures' results for the year	**318,859**	247,674
Share of the joint ventures' other comprehensive income/(expense)	**99,611**	(32,232)
Share of the joint ventures' total comprehensive income	**418,470**	215,442

	As at 31 December	
	2021 **RMB'000**	2020 RMB'000
Aggregate carrying amount of the Group's investments in the joint ventures	**4,553,804**	4,807,309

20. INTERESTS IN ASSOCIATES

The Group's balances of trade receivables, prepayments, other receivables and other assets, trade payables, other payables and accruals with the associates are disclosed in notes 26, 28, 32 and 33 to the consolidated 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	
	2021	2020
	RMB'000	RMB'000
Share of the associates' results for the year	**(10,149)**	16,481
Share of the associates' other comprehensive income	**(5,059)**	(986)
Other changes of an investment in associates (i)	**(4,055)**	(23,517)
Share of the associates' total comprehensive income	**(19,263)**	(8,022)

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Aggregate carrying amount of the Group's investments in the associates	**1,348,973**	1,595,197

Note (i): On 31 December, 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 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. In 2021, Quanyechang issued a non-public offering of shares which the company did not subscribe for. During the period from 12 November 2021 to 1 December 2021, the Company reduced 46,090,578 shares in total through centralized bidding and block trading shares. Affected by the above, the Company held 3.57% shares of Quanyechang as at 31 December 2021. The Group believes that it still has a significant influence on the Quanyechang, and the equity investment of the Quanyechang is accounted for as interest in associate.

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Unlisted equity investments, at fair value:		
SKYCATCH INC	**51,391**	50,111
ZPARK CAPITAL II, L.P. (i)	**115,530**	84,198
Nanjing Turbine & Electric Machinery (Group) Co., Ltd.	**36,459**	47,995
State Power Investment Group Xiangshui New Energy Co., Ltd.	**35,300**	25,600
Guoshui Investment Group Xi'an Wind Power Equipment Co., Ltd. (i)	**29,434**	31,303
Tongling Wanjiang Rural Commercial Bank	**6,655**	6,655
Beijing Jiutian Weather Technology Co., Ltd.	**8,173**	3,317
	282,942	249,179

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 2021, the Group received dividends in the amounts of RMB1,258,000 (2020: RMB1,258,000) and RMB7,474,000 (2020: RMB1,748,000) from Guoshui Investment Group Xi'an Wind Power Equipment Co.,Ltd., and ZPARK CAPITAL II, L.P.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Listed equity investments, at fair value	**371,434**	354,150
Unlisted equity investments, at fair value	**407,823**	237,330
Investment in limited partnership	**583,007**	500,000
Wealth management products at fair value	**400,000**	500,000
Others	**10,000**	–
	1,772,264	1,591,480
Portion classified as non-current portion	**(1,372,264)**	(1,091,480)
Current portion	**400,000**	500,000

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 SPPI.

23. OTHER NON-CURRENT FINANCIAL ASSETS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Corporate bonds	**–**	53,195
Debt investments	**147,160**	50,944
	147,160	104,139
Provision for other non-current financial assets	**(47)**	(101)
	147,113	104,038
Portion classified as non-current assets	**(145,575)**	(50,893)
Current portion	**1,538**	53,145

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

		Year ended 31 December	
		2021	2020
	Note	**RMB'000**	RMB'000
At beginning of the year		**101**	306
Impairment losses reversed	8	**(50)**	(206)
Exchange rate movement		**(4)**	1
At end of the year		**47**	101

24. DEFERRED TAX

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

Year ended 31 December 2021

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 2021		393,384	596,153	1,075,782	28,055	412,568	42,327	17,368	2,565,637
Deferred tax credited/(charged) to profit or loss during the year	12	144,919	(65,100)	121,936	(3,435)	44,235	(72,504)	19,757	189,808
Deferred tax charged to other comprehensive income during the year		–	–	–	–	–	65,604	–	65,604
Deferred tax asset arised from acquisition of subsidiaries	41	5,893	–	–	–	–	–	–	5,893
Deferred tax generated from disposal of subsidiaries	42	(3,576)	–	–	–	–	–	–	(3,576)
At 31 December 2021		540,620	531,053	1,197,718	24,620	456,803	35,427	37,125	2,823,366

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 2021		475,673	2,513	110,563	177,687	55,901	313,561	1,135,898
Deferred tax charged/(credited) to profit or loss during the year	12	(15,225)	(130)	(8,864)	30,056	(12,217)	(276,385)	(282,765)
Deferred tax charged to other comprehensive income during the year		–	–	32,837	–	–	–	32,837
Deferred tax liability arised from acquisition of subsidiaries	41	250,497	–	–	70,040	–	–	320,537
Deferred tax liability decreased upon disposal of subsidiaries	42	(17,323)	–	–	–	–	–	(17,323)
Exchange realignment		(3,498)	–	–	–	–	(25,671)	(29,169)
At 31 December 2021		690,124	2,383	134,536	277,783	43,684	11,505	1,160,015

24. DEFERRED TAX (continued)

Year ended 31 December 2021 (continued)

Deferred tax liabilities (continued)

As at 31 December 2021 and 2020, the deferred tax assets and deferred tax liabilities of the Group after offset amount were as follows:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Deferred tax assets	**2,604,434**	2,244,779
Deferred tax liabilities	**(941,083)**	(815,040)

Year ended 31 December 2020

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 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 charged to other comprehensive income during the year		–	–	–	–	–	51,566	–	51,566
Deferred tax asset arised from acquisition of subsidiaries		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

24. DEFERRED TAX (continued)

Year ended 31 December 2020 (continued)

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 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 credited to other comprehensive income during the year		–	–	34,860	–	–	–	34,860
Deferred tax liability arised from acquisition of subsidiaries		42,694	–	–	–	–	–	42,694
Deferred tax liability decreased upon disposal of subsidiaries		–	(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

The Group has tax losses arising in China of RMB379,123,000 (31 December 2020: RMB259,617,000) that will expire in one to ten years for offsetting against future taxable profits. The Group has tax losses arising in Luxembourg of RMB66,280,000 (31 December 2020: RMB65,795,000) that will expire in one to five years for offsetting against future taxable profits. The Group also has tax losses arising in the United States and Australia of RMB884,992,000 (31 December 2020: RMB709,081,000) 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.

24. DEFERRED TAX (continued)

Deductible losses on unrecognized deferred tax assets will expire in the following years:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
31 December 2021	**–**	4,723
31 December 2022	**–**	–
31 December 2023	**14,331**	33,202
31 December 2024	**465,187**	481,505
31 December 2025	**502,914**	515,063
31 December 2026 and later	**347,963**	–
	1,330,395	1,034,493

At the end of the reporting period, the Group has deductible temporary differences of RMB746,462,000 (31 December 2020:RMB299,908,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available which the deductible temporary differences can be utilised.

25. INVENTORIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Raw materials	**1,963,783**	1,683,268
Work in progress, finished and semi-finished goods	**2,380,243**	4,027,324
Low-value consumables and others	**8,158**	7,003
Development cost of power station	**465,385**	–
	4,817,569	5,717,595

Note: The capitalization amount of interest included in the development cost of power station was RMB244,000 (2020:Nil).

26. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables	**25,350,870**	22,056,522
Bills receivable	**2,315,501**	2,161,393
	27,666,371	24,217,915
Provision for impairment	**(1,765,515)**	(1,241,009)
	25,900,856	22,976,906

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 2021 amounting to RMB2,315,501,000 (31 December 2020: RMB2,161,393,000) 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	
	2021	2020
	RMB'000	RMB'000
Within 3 months	**6,775,564**	9,480,752
3 to 6 months	**4,990,821**	4,268,961
6 months to 1 year	**5,741,007**	3,674,685
1 to 2 years	**6,918,000**	4,096,594
2 to 3 years	**839,827**	985,538
Over 3 years	**635,637**	470,376
	25,900,856	22,976,906

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 2021 RMB'000	2020 RMB'000
At beginning of year		**1,241,009**	1,192,071
Impairment losses recognised	8	**626,218**	204,962
Impairment losses reversed	8	**(73,679)**	(142,891)
Amounts written off as uncollectible		**–**	(7,417)
Exchange realignment		**(28,033)**	(5,716)
At end of year		**1,765,515**	1,241,009

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on the ageing of the balances for groupings of various customer segments with similar credit risk 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:

	As at 31 December 2021 Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Individually impaired	**88.39%**	**1,435,292**	**1,268,596**
Collectively impaired			
Within 6 months	**0.15%**	**12,158,699**	**17,644**
6 months to 1 year	**1.14%**	**3,109,518**	**35,340**
1 to 2 years	**2.58%**	**7,079,731**	**182,574**
2 to 3 years	**6.06%**	**723,367**	**43,815**
Over 3 years	**25.77%**	**844,263**	**217,546**
	2.08%	**23,915,578**	**496,919**
Total	**6.96%**	**25,350,870**	**1,765,515**

	As at 31 December 2020 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

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	
	2021	2020
	RMB'000	RMB'000
Beneficial shareholders of the Company	**1,724,223**	966,186
Joint ventures	**114,863**	56,787
Associates	**460,868**	14,812
	2,299,954	1,037,785

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 2021, the Group's trade and bills receivables amounting to RMB5,230,445,000 (31 December 2020: RMB5,279,281,000) were pledged to secure certain of the Group's interest-bearing bank and other borrowings (note 35).

As at 31 December 2020, bills receivable amounting to RMB40,000,000 were pledged to build final assembly plant.

27. FINANCIAL RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Receivables for service concession agreements	**4,531,312**	3,689,072
Receivables for finance lease services	**4,323,493**	4,102,350
Accrued VAT on finance lease receivables	**257,701**	414,928
Loans to joint ventures	**266,675**	166,254
Provision for impairment	**(80,461)**	(24,874)
	9,298,720	8,347,730
Portion classified as non-current assets	**(8,890,041)**	(7,997,292)
Current portion	**408,679**	350,438

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

Receivables for finance lease services arose from finance lease contracts to lease equipment to customers.

The movements in the loss allowance for impairment of financial receivables based on a lifetime ECL are as follows:

		Year ended 31 December	
		2021	2020
	Note	**RMB'000**	RMB'000
At beginning of year		**24,874**	20,845
Impairment losses recognised	8	**64,944**	12,466
Impairment losses reversed	8	**(10,424)**	(8,411)
Exchange realignment		**1,067**	(26)
At end of year		**80,461**	24,874

As at 31 December 2021, the Group's financial receivables amounting to RMB1,781,878,000 (31 December 2020: RMB1,807,793,000) were pledged to secure certain of the Group's bank loans (note 35).

28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	As at 31 December 2021 RMB'000	 2020 RMB'000
Advances to suppliers		**2,142,181**	1,723,314
Prepayments		**784,819**	684,900
Deductible VAT		**3,111,193**	2,772,234
Deposits and other receivables		**2,120,812**	2,009,385
		8,159,005	7,189,833
Impairment allowance		**(246,873)**	(188,657)
		7,912,132	7,001,176
Portion classified as non-current assets	(i)	**(3,380,188)**	(2,536,275)
Current portion		**4,531,944**	4,464,901

Note:

(i) The non-current portion of deposits and other receivables mainly represented advances to suppliers and deductible input VAT at 31 December 2021 and 2020.

Movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	Note	Year ended 31 December 2021 RMB'000	 2020 RMB'000
At beginning of year		**188,657**	108,615
Impairment losses recognised	8	**99,930**	98,528
Impairment losses reversed	8	**(3,531)**	(15,313)
Amounts written off as uncollectible		**(33,721)**	–
Exchange realignment		**(4,462)**	(3,173)
At end of year		**246,873**	188,657

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	
	2021	2020
	RMB'000	RMB'000
Beneficial shareholders of the Company	**413**	–
Joint ventures	**197,331**	281,329
Associates	**23,847**	55,594
	221,591	336,923

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	
		2021	2020
	Notes	**RMB'000**	RMB'000
Contract assets arising from:			
Retention receivables on the sale of wind turbines	(i)	**2,881,851**	3,448,783
Construction services	(ii)	**1,282,923**	1,012,525
Services concession arrangement		**332,916**	330,006
		4,497,690	4,791,314
Impairment		**(10,951)**	(7,753)
		4,486,739	4,783,561
Portion classified as non-current assets		**(3,003,533)**	(3,381,528)
Current portion		**1,483,206**	1,402,033

Notes:

(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	
	2021	2020
	RMB'000	RMB'000
Within one year	**1,483,206**	1,402,033
After one year	**3,003,533**	3,381,528
Total contract assets	**4,486,739**	4,783,561

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

		Year ended 31 December	
		2021	2020
	Note	**RMB'000**	RMB'000
At beginning of year		**7,753**	8,040
Impairment losses recognised	8	**5,001**	3,886
Impairment losses reversed	8	**(816)**	(3,474)
Exchange realignment		**(987)**	(699)
At end of year		**10,951**	7,753

29. CONTRACT ASSETS (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates for the measurement of the ECL 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 credit risk 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:

	As at 31 December 2021	As at 31 December 2020
ECL rate	**0.24%**	0.16%
	RMB'000	RMB'000
Gross carrying amount	**4,497,690**	4,791,314
ECL	**10,951**	7,753

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December 2021 RMB'000	2020 RMB'000
Cash and bank balances	**8,544,310**	8,238,497
Time deposits	**142,687**	143,407
	8,686,997	8,381,904
Less: Pledged for:		
– Bank loans, letters of credit, bills issued and others	**(141,509)**	(67,860)
– Provision for risk and mandatory reserve deposits	**(404,192)**	(604,820)
	(545,701)	(672,680)
Cash and cash equivalents in the consolidated statement of financial position	**8,141,296**	7,709,224
Less: Non-pledged deposits with original maturity of more than three months when acquired	**(1,015)**	(3,901)
Cash and cash equivalents in the consolidated statement of cash flows	**8,140,281**	7,705,323
Pledged deposits	**545,701**	672,680
Portion classified as non-current assets	**(109,707)**	(108,026)
Current portion	**435,994**	564,654
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	**7,284,310**	7,509,931
– Australian dollar	**265,916**	100,127
– United States dollar	**491,224**	269,174
– Euro	**290,979**	349,939
– Hong Kong dollar	**1,678**	12,038
– Argentine peso	**256,418**	1,846
– Other currencies	**96,472**	138,849
	8,686,997	8,381,904

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. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

On 24 December 2021, Tsingtao Tianrun Qihang Investment Co., Ltd. ("Tsingtao Qihang"), a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Ningbo Meishan Bonded Port Chuangze Equity Investment Partnership (Limited Partnership) ("Ningbo Chuangze") in relation to the transfer of the 49% equity interests in Jiangxian Tianrun Wind Power Co., Ltd. ("Jiangxian Tianrun") and Jingzhou Tianchu Wind Power Co., Ltd. ("Jingzhou Tianchu").

The total consideration was RMB265,329,000 for equity transfer. As at 31 December 2021, the Group has received prepaid consideration of RMB231,741,000. The above equity transfer and settlement procedures have not been completed, but a legally binding agreement has been signed. The above transaction is expected to be completed within one year, so the assets and liabilities of Jiangxian Tianrun and Jingzhou Tianchu were classified as assets and liabilities held for sale. In the opinion of the Directors, both parties will complete the equity transfer procedures before December 2022.

31. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The specific details of the disposal group held for sale by the Group are as follows:

	Notes	As at 31 December 2021 (Audited) RMB'000
Cash and cash equivalents		51,906
Trade and bills receivables		238,846
Prepayments, other receivables and other assets		2,067
Inventories		363
Property, plant and equipment	15	826,676
Right-of-use assets	16 (a)	3,774
Assets classified as held for sale		1,123,632
Trade and bills payables		32,981
Tax payable		1,721
Other payables and accruals		67
Interest-bearing bank and other borrowings		688,294
Liabilities directly associated with assets of disposal group classified as held for sale		723,063
Net assets directly associated with the disposal group		400,569

32. TRADE AND BILLS PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade payables	**22,343,639**	18,743,809
Bills payable(i)	**11,294,899**	11,790,771
	33,638,538	30,534,580
Portion classified as non-current liabilities (ii)	**(1,762,492)**	(1,924,541)
Current portion	**31,876,046**	28,610,039

(i) These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognize these trade payables as the relevant banks are obliged to make payments only on the due date of the bills, under the same conditions as agreed with the suppliers without further extension.

(ii) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 31 December 2021 and 2020.

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.

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	
	2021	2020
	RMB'000	RMB'000
Within 3 months	**19,216,460**	15,734,244
3 to 6 months	**6,487,290**	8,001,180
6 months to 1 year	**3,070,651**	2,884,827
1 to 2 years	**3,008,697**	1,592,466
2 to 3 years	**595,687**	1,127,959
Over 3 years	**1,259,753**	1,193,904
	33,638,538	30,534,580

32. TRADE AND BILLS PAYABLES (continued)

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	
	2021	2020
	RMB'000	RMB'000
Beneficial shareholders of the Company	**–**	227
Joint ventures	**25,906**	5,823
Associates	**587,308**	159,394
	613,214	165,444

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

33. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Receipt in advance	**15,284**	6,694
Contract liabilities (ii)	**6,096,273**	8,373,914
Accrued salaries, wages and benefits	**1,094,444**	892,447
Other taxes payable	**397,387**	391,675
Interest payable	**1,206**	1,896
Dividends payable	**55,642**	81,797
Other payables	**2,350,783**	1,695,435
	10,011,019	11,443,858
Portion classified as non-current liabilities (i)	**(392,794)**	(494,663)
Current portion	**9,618,225**	10,949,195

(i) The non-current portion of other payables mainly represented output VAT to be recognized and guaranteed deposit as at 31 December 2021 (31 December 2020: output VAT to be recognized and guaranteed deposit).

33. OTHER PAYABLES AND ACCRUALS (continued)

(ii) Details of contract liabilities are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Short-term advances received from customers	**5,715,659**	7,771,928
Amounts due to contract customers	**380,614**	601,986
Total contract liabilities	**6,096,273**	8,373,914

Contract liabilities include short-term advances received from customers, billed earlier than completion of construction service.

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	
	2021	2020
	RMB'000	RMB'000
Beneficial shareholders of the Company	**208,424**	643,913
Joint ventures	**33,384**	157,044
Associates	**2,857**	5,383
	244,665	806,340

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

34. DERIVATIVE FINANCIAL INSTRUMENTS

	Notes	As at 31 December 2021 Assets RMB'000	Liabilities RMB'000
Forward currency contracts – not designated for hedge purposes	(i)	**120,144**	**1,951**
Forward currency contracts – designated for hedge purposes	(ii)	**570,220**	**29,360**
Forward equity contracts – not designated for hedge purposes	(vi)	**85,937**	**–**
		776,301	**31,311**
Portion classified as non-current:			
Forward currency contracts – designated for hedge purposes	(ii)	**(85,083)**	**(38)**
		(85,083)	**(38)**
Current portion		**691,218**	**31,273**

	Notes	As at 31 December 2020 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
Forward equity contracts – not designated for hedge purposes	(vi)	89,141	–
Call option	(v)	70,772	–
		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)	–
Forward equity contracts – not designated for hedge purposes		(89,141)	–
		(303,801)	–
Current portion		299,369	275,858

34. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes:

(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) On 30 April 2021, the Group exercised its call option of 81% equity interest of Banana Range Wind Farm to purchase the equity interest from Lacour.

(vi) The Group held the forward equity contracts of 81% equity interest of Clark Creek Wind Farm. The fair value change were charged to the statement of profit or loss during the year.

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

35. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2021			As at 31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short-term bank loans:						
– Unsecured	2.50-4.35	2022	471,520	2.50-4.35	2021	2,487,543
– Secured (a)	–	–	–	4.15-4.35	2021	152,976
Current portion of long-term bank loans:						
– Unsecured	1.50-4.41	2022	86,174	1.20-5.15	2021	801,175
– Secured (b)	1.20-5.25	2022	3,614,992	LIBOR+1.50 -5.45	2021	1,656,628
Corporate bonds:						
– Secured	–	–	–	4.20-4.5	2021	300,133
Lease liabilities (note 16(b)):	4.75-5.29	2022	109,428	4.75-5.29	2021	213,783
Financial assets sold under repurchase agreements	2.00	2022	581,893	–	–	–
			4,864,007			5,612,238
Non-current						
Long-term bank loans:						
– Unsecured	1.50-4.41	2023-2031	2,794,708	1.20-5.45	2022-2036	1,456,512
– Secured (b)	1.20-5.25	2023-2041	21,578,934	LIBOR+1.50 -5.45	2022-2035	16,581,897
Lease liabilities: (note 16(b)):	4.75-5.29	2023-2048	2,039,736	4.75-5.29	2022-2048	1,904,525
			26,413,378			19,942,934
			31,277,385			25,555,172
Interest-bearing bank and other borrowings are denominated in:						
– RMB			29,190,067			22,373,027
– United States dollar			2,037,942			2,334,577
– Australian dollar			–			751,707
– Euro			49,376			95,861
			31,277,385			25,555,172

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

The maturity profile of the interest-bearing bank and other borrowings as at 31 December 2021 and 2020 is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**4,172,686**	5,098,322
In the second year	**4,397,374**	3,730,660
In the third to fifth years, inclusive	**8,778,063**	4,886,241
Above five years	**11,198,205**	9,421,509
	28,546,328	23,136,732
Other borrowings repayable:		
Within one year	**691,321**	513,916
In the second year	**566,996**	266,743
In the third to fifth years, inclusive	**379,740**	801,514
Above five years	**1,093,000**	836,267
	2,731,057	2,418,440
	31,277,385	25,555,172

The Group's interest-bearing bank loans and other borrowings of RMB27,343,090,000 (31 December 2020: RMB29,885,125,000) were secured or guaranteed by the following:

(a) Certain of the Group's short-term bank loans amounting to Nil (31 December 2020: RMB152,976,000) as at 31 December 2021 were secured by the pledge of the Group's trade receivables amounting to Nil (31 December 2020: RMB200,143,000).

(b) Certain of the Group's long-term bank loans amounting to RMB25,193,926,000 (31 December 2020: RMB18,238,525,000) as at 31 December 2021 were secured by mortgages over certain of the property, plant and equipment, other intangible assets and right-of-use assets 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.

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

As at the reporting date, the aggregate carrying values of the assets as follows:

	Notes	As at 31 December 2021 RMB'000	2020 RMB'000
Property, plant and equipment	15	**15,937,983**	12,920,742
Right-of-use assets	16	**153,461**	160,260
Other intangible assets	18	**154,750**	–
Bank deposits		**115,109**	45,803
Trade and bills receivables	26	**5,230,445**	4,682,077
Financial receivables	27	**1,781,878**	1,807,793
Bank deposits for provision for risk	30	**109,707**	108,026
		23,483,333	19,724,701

(c) Certain of the bank loans amounting to RMB3,024,429,000 (31 December 2020: RMB1,631,530,000) are guaranteed. Certain of the bank loans of the Company's subsidiaries, amounting to RMB3,013,429,000 (31 December 2020: RMB1,618,530,000) as at 31 December 2021 were guaranteed by the Company. Certain of the Company's bank loans amounting to RMB11,000,000 (31 December 2020: RMB13,000,000) as at 31 December 2021 were guaranteed by a subsidiary.

36. 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.

	Note	Year ended 31 December 2021			
		Product warranties RMB'000	**Asset retirement obligations RMB'000**	**Others RMB'000**	**Total RMB'000**
At beginning of year		**4,408,502**	**86,973**	**405,717**	**4,901,192**
Additional provision	8	**3,397,580**	**5,440**	**107,592**	**3,510,612**
Reversal of unutilised amounts	8	**(719,544)**	**(22,031)**	**(172,517)**	**(914,092)**
Amounts utilised during the year		**(2,095,370)**	**–**	**(68,825)**	**(2,164,195)**
Exchange realignment		**(4,642)**	**(1,733)**	**(7,963)**	**(14,338)**
At end of year		**4,986,526**	**68,649**	**264,004**	**5,319,179**
Portion classified as current liabilities		**(1,916,153)**	**–**	**(59,652)**	**(1,975,805)**
Non-current portion		**3,070,373**	**68,649**	**204,352**	**3,343,374**

	Note	Year ended 31 December 2020			
		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		–	(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

The carrying amount of the Group's provision approximates to its fair value.

37. GOVERNMENT GRANTS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Government grants	**197,363**	211,007

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	
	2021	2020
	RMB'000	RMB'000
At beginning of year	**211,007**	214,510
Additions	**17,566**	10,870
Recognised as income during the year	**(29,223)**	(14,341)
Exchange realignment	**(1,987)**	(32)
At end of year	**197,363**	211,007

38. SHARE CAPITAL

	As at 31 December			
	2021		2020	
	Number of shares	**Value**	Number of shares	Value
	'000	**RMB'000**	'000	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

39. 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 113 and 114 of these consolidated financial statements.

40. 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 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 May 2021 and September 2021, the Company redeemed the Perpetual Medium-term Notes of RMB996,547,000 and RMB498,571,000, and the difference between the repayment of the Perpetual Medium-term Notes and the carrying amount of RMB4,429,000 was included in the capital reserve.

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. In December 2021, the Company redeemed the Perpetual Medium-term Notes of RMB498,500,000, and the difference between the repayment of the Perpetual Medium-term Notes and the carrying amount of RMB1,500,000 was included in the capital reserve.

In August 2020, the Company issued further Perpetual Medium-term Notes in an aggregate amount of RMB1000 million 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.

In November 2021, the Company issued RMB1,000,000,000 in an aggregate principal amount of renewable loan. According to the terms of the contract above, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the loan did not satisfy the definition of financial liabilities and included the loans in other equity instruments.

41. BUSINESS COMBINATIONS

In 2021, 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
Rongcheng Yichen Sewage Treatment Co., Ltd (the "Rongcheng Yichen")	January 2021	100%	116,327	24,109	12,441
Shanxi Tianchen Bangnuo New Energy Co., Ltd (the "Shanxi Tianchen")	January 2021	100%	78,152	–	(235)
Shandong Chengwu YingYuan Industrial Co., Ltd (the "Shandong Chengwu")	January 2021	100%	58,370	13,880	3,565
Nanyang Tongji Energy Technology Co., Ltd (the "Nanyang Tongji")	January 2021	51%	5,100	–	–
Shanxi Yuhong New Energy Co., Ltd (the "Shanxi Yuhong")	May 2021	100%	18,000	–	1
Guodian Yinhe Water Co., Ltd (the "Guodian Yinhe")	June 2021	100%	735,690	188,891	46,977
Shanxi Yao Yuan New Energy Development Co., Ltd (the "Shanxi YaoYuan")	June 2021	100%	35,982	9,025	(14)
Tianjin Zhengfa New Energy Co., Ltd (the "Tianjin Zhengfa")	June 2021	100%	4,000	–	(1)
Alxa Hanhai Runjin New Energy Co., Ltd (the "Alxa Hanhai")	July 2021	51%	2,040	–	(264)
			1,053,661	235,905	62,470

41. 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	32,263
Other intangible assets	18	1,156,497
Right-of-use assets	16(a)	514
Prepayments, other receivables and other assets		287,731
Cash and cash equivalents		26,080
Trade and bills receivables		1,195,201
Inventories		106,354
Deferred tax assets	24	5,893
Interest-bearing bank and other borrowings		(591,937)
Trade and bills payables		(133,700)
Other payables and accruals		(700,790)
Deferred tax liabilities	24	(320,537)
Total identifiable net assets at fair value		1,063,569
Non-controlling interests		(9,908)
Total consideration		1,053,661

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

	RMB'000
Cash consideration	1,053,661
Cash and cash equivalents paid during the current year	(482,616)
Cash and cash equivalents acquired	26,080
	(456,536)
Cash and cash equivalents paid for prior year transactions	(52,032)
Net outflow of cash and cash equivalents included in the consolidated statement of cash flow for the year ended 31 December 2021	(508,568)

41. BUSINESS COMBINATIONS (continued)

Impact of acquisition on the results of the Group

Included in the gain for the year is RMB62,470,000 attributable to the additional business generated by Rongcheng Yichen, Shanxi Tianchen, Shandong Chengwu, Shanxi Yuhong, Guodian Yinhe, Shanxi YaoYuan, Tianjin Zhengfa and Alxa Hanhai. Revenue for the current year generated by Rongcheng Yichen, Shandong Chengwu, Guodian Yinhe and Shanxi YaoYuan were RMB235,905,000.

Had the acquisition of Rongcheng Yichen, Shanxi Tianchen, Shandong Chengwu, Nanyang Tongji, Shanxi Yuhong, Guodian Yinhe, Shanxi YaoYuan, Tianjin Zhengfa and Alxa Hanhai been completed on 1 January 2021, revenue for the current year of the Group would have been RMB50,493,617,000 and the profit for the year would have been RMB3,477,494,000. 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 2021, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Rongcheng Yichen, Shanxi Tianchen, Shandong Chengwu, Nanyang Tongji, Shanxi Yuhong, Guodian Yinhe, Shanxi YaoYuan, Tianjin Zhengfa and Alxa Hanhai been acquired at the beginning of the current year, the Directors calculated depreciation and amortisation of plant and equipment and other intangible assets based on the recognised amounts of assets at the date of the acquisition.

42. DISPOSAL OF SUBSIDIARIES

In 2021, the following entities were disposed from the Group. Details are as follows:

Company name	Disposal date	Equity interests disposed	Cash consideration RMB'000	Equity interests retained
Ningbo Pingru Moteng Energy Technology Co., Ltd	February 2021	100%	28,000	–
Orange Creek Energy Co., Ltd	April 2021	100%	21,854	–
Jiangsu Xinqifeng New Energy Co., Ltd	May 2021	100%	15,600	–
Fuyun Tianrun Wind Power Co., Ltd and other 4 companies	May 2021	51%	558,996	–
Xinyu Fengrun New Energy Co., Ltd	June 2021	100%	367	–
Hami Xintian Energy Co., Ltd	August 2021	100%	729,341	–
Zhengzhou Fengzhou New Energy Co., Ltd	October 2021	100%	5,938	–
Three Springs Renewable Energy Pty Ltd	November 2021	19%	962	–
Puyang Tianrun New Energy Co., Ltd ("Puyang Tianrun")	December 2021	49%	231,741	51%
Zibo Topway Energy Technology Co., Ltd ("Zibo Topway")	December 2021	49%	75,003	51%
Zhangjiakou Fengmu New Energy Co., Ltd	December 2021	100%	9,046	–
			1,676,848	

On December 2021, the Group disposed of its 49% equity interests in both of Puyang Tianrun and Zibo Topway to a third party and the Group's equity interests in Puyang Tianrun and Zibo Topway decreased from 100% to 51%. Since the articles of Puyang Tianrun and Zibo Topway had revised and managements were changed, the Group lost its control over Puyang Tianrun and Zibo Topway, and therefore accounted for its remaining interests as interests in joint ventures in the consolidated financial statements of the Group.

42. DISPOSAL OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the year ended 31 December 2021 were as follows:

	Notes	RMB'000
Net assets disposed of:		
Property, plant and equipment	15	2,467,647
Right-of-use assets	16(a)	779,454
Other intangible assets	18	70,855
Trade and bills receivables		998,756
Cash and cash equivalents		130,345
Inventories		66
Prepayments, other receivables and other assets		182,516
Deferred tax assets	24	3,576
Interest-bearing bank and other borrowings		(1,854,793)
Trade and bills payables		(88,391)
Other payables and accruals		(762,259)
Lease liabilities	16(b)	(702,954)
Deferred tax liabilities	24	(17,323)
Non-controlling interests		(49,882)
Net assets disposed of		1,157,613
Less: Interests in joint ventures		(263,573)
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	7	64,637
Gain on disposal of subsidiaries	7	718,171
Total consideration		1,676,848
Satisfied:		
Cash		1,645,347
Advanced payment, which has been accounted for as other payables and accruals, as at 31 December 2020		31,501
		1,676,848
Net cash inflow arising on disposal:		
Total cash consideration received		1,645,347
Bank balances and cash disposed of		(130,345)
		1,515,002

43. 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 RMB11,109,913,000 (2020: RMB8,297,324,000).

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB920,134,000 and RMB920,134,000 respectively, in respect of lease arrangements for plant and equipment (2020: RMB1,035,361,000 and RMB1,035,361,000).

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank loans RMB'000	Dividends payable RMB'000	Interest payable RMB'000
At 31 December 2020	25,555,172	81,797	1,896
Changes from financing cash flows	7,305,762	(1,238,110)	(1,251,854)
Interest expense	58,168	–	1,251,164
Final 2020 dividend declared	–	1,056,267	–
Dividend declared to non-controlling shareholders	–	31,013	–
New leases	920,134	–	–
Distribution of other equity instruments	–	124,675	–
Reclass to liabilities directly associated with the assets of disposal group classified as held for sale	(688,294)	–	–
Foreign exchange movement	92,253	–	–
Decrease arising from disposal of subsidiaries	(2,557,747)	–	–
Increase arising from business combination	591,937	–	–
At 31 December 2021	31,277,385	55,642	1,206

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

	Interest-bearing bank loans RMB'000	Dividends payable RMB'000	Interest payable RMB'000
At 31 December 2019	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

(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:

	2021 RMB'000	2020 RMB'000
Within operating activities	**138,674**	206,232
Within investing activities	**73,269**	24,013
Within financing activities	**269,490**	144,929
	481,433	375,174

44. 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	
	2021	2020
	RMB'000	RMB'000
Letters of credit issued	**2,811**	5,197
Letters of guarantee issued	**16,825,427**	18,404,653
Guarantees given to banks in connection with bank loans granted to:		
Associates	**395,837**	429,606
A third party	**187,712**	244,763
	17,411,787	19,084,219

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 2021, 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.

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 2021, the amount of pending litigation matters of which the Group as the defendant was RMB3,106,542,000 (2020: RMB2,196,954,000).

45. 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, 18, 26, 27 and 30, respectively, to these consolidated financial statements.

46. COMMITMENTS

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

	As at 31 December	
	2021 **RMB'000**	2020 RMB'000
Contracted, but not provided for:		
Property, plant and equipment and land use rights	**5,654,179**	4,555,172

47. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Beneficial connected shareholders of the Company:		
Sales of wind turbine generators and spare parts	**5,716,200**	4,189,719
Provision of services	**7,172**	12,697
	5,723,372	4,202,416
Beneficial shareholders of the Company:		
Purchases leasing services	**625**	26,391
Sales of wind turbine generators and spare parts	**321,522**	–
Provision of services	**1,607**	–
	323,754	26,391
Associates:		
Sales of wind turbine generators and spare parts	**646,530**	164
Sales of construction services	**17,988**	–
Purchases of spare parts	**412,054**	323,179
Purchases of processing services	**95,107**	236,232
Provision of services	**45,008**	105,703
Others expenses	**2,031**	2,483
	1,218,718	667,761
Joint ventures:		
Sales of wind turbine generators	**4,306**	6,431
Sales of construction services	**24,672**	–
Purchases of spare parts and processing services	**12,949**	12,145
Purchases of services	**156**	4,408
Provision of services	**108,286**	846,645
Others sales	**438**	24,660
Other expenses	**16**	–
	150,823	894,289

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.

47. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amounts of total transactions with related parties for the year are included in note 47(a) to the consolidated financial statements.

	Year ended 31 December 2022 RMB'000	2023 RMB'000
Associates:		
Provision of services	17,685	–
Jointly-controlled entities:		
Provision of services	15,767	–
	33,452	–

(c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 26, 28, 32 and 33 to these consolidated financial statements.

(d) Guarantee for related parties

Guarantee	Year ended 31 December 2021 RMB'000	2020 RMB'000	Guarantee period
An associate	**285,409**	309,757	From 28 May 2018 to 21 July 2023
An associate	**110,428**	119,849	From 28 March 2019 to 28 March 2024
	395,837	429,606	

47. RELATED PARTY TRANSACTIONS (continued)

(e) Compensation of key management personnel of the Group

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Short-term employee benefits	**58,477**	55,775
Pension scheme contributions	**546**	333
Total compensation paid to key management personnel	**59,023**	56,108

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

48. 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 2021

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	–	282,942	–	282,942
Financial assets at fair value through profit or loss	1,772,264	–	–	1,772,264
Other non-current financial assets	–	–	147,113	147,113
Trade and bills receivables	–	2,315,501	23,585,355	25,900,856
Financial receivables	–	–	4,716,609	4,716,609
Financial assets included in prepayments, other receivables and other assets	–	–	1,891,272	1,891,272
Derivative financial instruments	676,060	100,241	–	776,301
Contract assets	–	–	2,877,515	2,877,515
Pledged deposits	–	–	545,701	545,701
Bank balances	–	–	8,141,244	8,141,244
	2,448,324	2,698,684	41,904,809	47,051,817

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	–	–	33,638,538	33,638,538
Financial liabilities included in other payables and accruals	–	–	2,046,965	2,046,965
Derivative financial instruments	1,951	29,360	–	31,311
Interest-bearing bank and other borrowings	–	–	29,128,221	29,128,221
	1,951	29,360	64,813,724	64,845,035

48. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

49. 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 2021 RMB'000	As at 31 December 2020 RMB'000	**As at 31 December 2021 RMB'000**	As at 31 December 2020 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	**24,373,642**	18,038,409	**24,332,193**	17,314,653

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.

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

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 2021 and 2020 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted equity investments designated at fair value through other comprehensive income 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 contracts, are measured using valuation techniques similar to forward currency and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rate, interest rate curves and power price trend. The carrying amounts of the derivative financial instruments are the same as their fair values.

As at 31 December 2021 and 2020, 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.

49. 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 2021

	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
Financial assets designated at fair value through other comprehensive income:				
Unlisted equity investments	–	–	282,942	282,942
Trade and bills receivables	–	2,315,501	–	2,315,501
	–	2,315,501	282,942	2,598,443
Financial assets at fair value through profit or loss:				
Listed equity investments	371,434	–	–	371,434
Unlisted equity investments	–	–	407,823	407,823
Limited partnership investments	–	–	583,007	583,007
Wealth management products	–	400,000	–	400,000
Other	–	–	10,000	10,000
	371,434	400,000	1,000,830	1,772,264
Derivative financial instruments:				
Foreign exchange forward contracts	–	690,364	–	690,364
Forward equity contracts	–	–	85,937	85,937
	–	690,364	85,937	776,301
	371,434	3,405,865	1,369,709	5,147,008

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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

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
Financial assets 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

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

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 31 December 2021

	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:				
Foreign exchange forward contracts	–	**31,311**	–	**31,311**
	–	**31,311**	–	**31,311**

During the year ended 31 December 2021, there was no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for 2021.

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.

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2021

	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	–	24,373,642	–	24,373,642

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

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

Fair value hierarchy (continued)

Reconciliation of level 3 fair value measurements

Year ended 31 December 2021

	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 2021	**737,330**	**249,179**	**159,913**
Total gains (losses):	**(81,245)**	**9,253**	**(3,642)**
–in profit or loss	**(81,245)**	**–**	**(3,642)**
–in other comprehensive expenses	**–**	**9,253**	**–**
Purchased	**355,794**	**28,058**	**–**
Disposals	**(10,976)**	**–**	**(66,811)**
Exchange realignment	**(73)**	**(3,548)**	**(3,523)**
At 31 December 2021	**1,000,830**	**282,942**	**85,937**

Year ended 31 December 2020

	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 expenses	–	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

50. TRANSFERRED FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

(a) At 31 December 2021, 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 RMB1,744,303,000 (31 December 2020: RMB1,278,413,000) 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 RMB1,760,761,000 (31 December 2020: RMB1,292,024,000) as at 31 December 2021.

(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 2021 was RMB120,283,000 (31 December 2020: RMB183,120,000). The carrying amount of the assets that the Group continued to recognise as at 31 December 2021 was RMB120,283,000 (31 December 2020: RMB183,120,000) and that of the associated liabilities as at 31 December 2021 was RMB66,604,000 (31 December 2020: RMB151,838,000).

50. TRANSFERRED FINANCIAL ASSETS (continued)

Transferred financial assets that are derecognised in their entirety

At 31 December 2021, 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 RMB10,431,493,000 (31 December 2020 RMB9,717,696,000). 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.

At 31 December 2021, the Group carried out CDB Securities-Goldwind Accounts Receivable Phase 1 Green Asset-backed Securities (ABS) to securitise the trade receivables generated from sale of wind turbine generators. The amount of trade receivables transferred was RMB1,406,996,000 (31 December 2020: Nil) In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the trade receivable. Accordingly, it has derecognised the full carrying amounts of the trade receivable and the associated loans. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the trade receivable are not significant.

During the year ended 31 December 2021 and 2020, 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.

51. 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 consolidated financial statements.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2021, after taking into account the effect of the interest rate swap, approximately 7.08% (31 December 2020: 17.84%) 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 RMB184,381,000 (2020: RMB132,007,000) for the year ended 31 December 2021, 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.

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.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

At 31 December 2021 and 2020, 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 2021 and 2020 are as follows:

	As at 31 December							
	2021				2020			
	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	33,074	206,671	15,678	–	117,877	1,270,092	82,755	–
Prepayments, other receivables and other assets	41,012	4,625,849	188,689	–	1,371	13,183	2,410	–
Cash and cash equivalents	17,202	310,901	2	–	22,289	251,737	97,833	1,883
Trade payables	(42,212)	(2,359,023)	(1,187,854)	–	(51,818)	(2,606,914)	(1,227,139)	–
	49,076	2,784,398	(983,485)	–	89,719	(1,071,902)	(1,044,141)	1,883

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.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax RMB'000
2021		
If RMB weakens against Euro	**5%**	**(420)**
If RMB strengthens against Euro	**(5%)**	**420**
If RMB weakens against United States dollar	**5%**	**114,355**
If RMB strengthens against United States dollar	**(5%)**	**(114,355)**
If RMB weakens against Australian dollar	**5%**	**(41,798)**
If RMB strengthens against Australian dollar	**(5%)**	**41,798**
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)

The sensitivity analysis above has been determined assuming that the change in foreign currency rates had occurred on 31 December 2021 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.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2021

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 2021. 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 2021

	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*	–	–	–	4,497,690	4,497,690
Trade and bills receivables*	2,315,501	–	–	25,350,870	27,666,371
Other non-current financial assets	147,160	–	–	–	147,160
Financial receivables	9,379,181	–	–	–	9,379,181
Financial assets included in prepayments, other receivables and other assets					
–Normal**	2,093,508	–	–	–	2,093,508
–Doubtful**	–	–	27,304	–	27,304
Pledged deposits					
–Not yet past due	545,701	–	–	–	545,701
Bank balances					
–Not yet past due	8,141,244	–	–	–	8,141,244
Guarantees given to banks in connection with facilities granted to associates					
–Not yet past due	395,837	–	–	–	395,837
Guarantees given to banks in connection with facilities granted to third party					
–Not yet past due	187,712	–	–	–	187,712
	23,205,844	–	27,304	29,848,560	53,081,708

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging

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*	2,161,393	–	–	22,056,522	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
Guarantees given to banks in connection with facilities granted to third party					
–Not yet past due	244,763	–	–	–	244,763
	21,642,062	–	61,662	26,847,836	48,551,560

* 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".

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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 2021, 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 RMB1,950 million (31 December 2020: RMB3,807 million) as at 31 December 2021, and its net cash inflow from operating activities and financing activities was approximately RMB4,887 million and RMB3,471 million (2020: RMB5,377 million and RMB1,470 million) respectively, and its net cash outflow used in investing activities amounted to approximately RMB7,873 million (2020: RMB5,719 million) for the year ended 31 December 2021. The Group recorded an increase in cash and cash equivalents of approximately RMB485 million (2020: RMB1,128 million) for the year ended 31 December 2021.

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 2021, 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.

51. 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 2021					
Trade and bills payables	**31,876,046**	**–**	**–**	**–**	**31,876,046**
Financial liabilities included in other payables and accruals	**1,962,412**	**1,178,832**	**756,019**	**169,725**	**4,066,988**
Interest-bearing bank and other borrowings (excluding lease liabilities)	**4,172,686**	**4,397,374**	**8,778,063**	**11,198,205**	**28,546,328**
Lease liabilities	**112,819**	**577,721**	**436,464**	**1,382,437**	**2,509,441**
Derivative financial instruments	**31,273**	**38**	**–**	**–**	**31,311**
Interest payments on bank and other borrowings (excluding lease liabilities)	**1,153,638**	**1,142,059**	**2,660,641**	**4,504,829**	**9,461,167**
External guarantee	**583,549**	**–**	**–**	**–**	**583,549**
	39,892,423	**7,296,024**	**12,631,187**	**17,255,196**	**77,074,830**
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 liabilities	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 (excluding lease liabilities)	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

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2021 and 31 December 2020.

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 2021 RMB'000	As at 31 December 2020 RMB'000
Trade and bills payables	**33,638,538**	30,534,580
Financial liabilities included in other payables and accruals	**2,046,965**	1,305,737
Interest-bearing bank and other borrowings	**30,695,493**	25,555,172
Less: Cash and cash equivalents in the consolidated statement of cash flows	**(8,140,281)**	(7,705,323)
Net debt	**58,240,715**	49,690,166
Equity attributable to owners of the Company	**35,541,783**	34,168,252
Capital and net debt	**93,782,498**	83,858,418
Gearing ratio	**62.10%**	59.25%

52. EVENTS AFTER THE REPORTING PERIOD

(1) On 25 March 2022, 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.

53. 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	
	2021	2020
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**323,060**	358,419
Right-of-use assets	**13,317**	12,483
Other intangible assets	**1,610,316**	1,632,737
Investments in subsidiaries	**19,043,177**	18,274,799
Interests in associates	**88,128**	235,238
Interests in joint ventures	**3,478**	3,143
Equity investments designated at fair value through other comprehensive income	**8,173**	3,317
Financial assets at fair value through profit or loss	**10,000**	–
Financial assets measured by amortised costs	**84,080**	–
Deferred tax assets	**851,515**	720,842
Prepayments, other receivables and other assets	**2,053**	4,668
Contract assets	**1,941,722**	2,210,495
Financial receivables	**2,373,775**	1,466,574
Derivative financial instruments	**83,896**	212,362
Total non-current assets	**26,436,690**	25,135,077
CURRENT ASSETS		
Inventories	**1,868,430**	2,375,329
Trade and bills receivables	**14,004,862**	15,237,080
Contract assets	**181,031**	290,894
Prepayments, other receivables and other assets	**23,532,057**	22,312,421
Financial assets at fair value through profit or loss	**400,000**	500,000
Financial assets measured by amortised costs	**1,538**	–
Cash and cash equivalents	**4,399,911**	7,497,116
Derivative financial instruments	**386,083**	128,885
Total current assets	**44,773,912**	48,341,725
CURRENT LIABILITIES		
Trade and bills payables	**26,279,509**	25,095,588
Other payables and accruals	**9,953,764**	11,836,543
Interest-bearing bank and other borrowings	**312,494**	2,839,500
Tax payable	**–**	158,732
Provision	**1,158,010**	1,368,108
Total current liabilities	**37,703,777**	41,298,471

53. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
NET CURRENT ASSETS	**7,070,135**	7,043,254
TOTAL ASSETS LESS CURRENT LIABILITIES	**33,506,825**	32,178,331
NON-CURRENT LIABILITIES		
Trade payables	**857,427**	1,089,841
Other payables	**–**	5,224,738
Interest-bearing bank and other borrowings	**8,472,052**	729,551
Deferred tax liabilities	**–**	–
Provision	**1,698,064**	1,694,907
Government grants	**48,788**	50,933
Total non-current liabilities	**11,076,331**	8,789,970
Net assets	**22,430,494**	23,388,361
EQUITY		
Share capital	**4,225,068**	4,225,068
Reserves	**18,205,426**	19,163,293
Total equity	**22,430,494**	23,388,361

53. 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 2021	12,218,984	–	1,534,748	(18,674)	(2,483)	2,990,618	(45,108)	2,485,208	19,163,293
Total comprehensive income for the year	–	–	–	13,295	1,096	–	82,998	1,121,623	1,219,012
Final 2020 dividend declared	–	–	–	–	–	–	–	(1,056,267)	(1,056,267)
Capital contributions from other equity instruments holders	(1,415)	–	–	–	–	1,000,000	–	–	998,585
Distribution of other equity instruments	–	–	–	–	–	–	–	(124,675)	(124,675)
Redemption of other equity instruments	(5,929)	–	–	–	–	(1,993,618)	–	–	(1,999,547)
Profit appropriation to reserves	–	–	112,591	–	–	–	–	(112,591)	–
Other changes of a investment in associate	5,025	–	–	–	–	–	–	–	5,025
Transfer to special reserve	–	22,664	–	–	–	–	–	–	22,664
Utilisation of special reserve	–	(22,664)	–	–	–	–	–	–	(22,664)
At 31 December 2021	12,216,665	–	1,647,339	(5,379)	(1,387)	1,997,000	37,890	2,313,298	18,205,426
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

54. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of Directors on 25 March 2022.

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				
	2017	2018	2019	2020	**2021**
REVENUE	24,970,835	28,590,307	37,878,205	56,145,827	**50,416,079**
PROFIT BEFORE TAX	3,490,556	3,682,431	2,561,106	3,273,540	**4,339,225**
Income tax expense	(341,749)	(399,833)	(331,353)	(308,064)	**(847,748)**
PROFIT FOR THE YEAR	3,148,807	3,282,598	2,229,753	2,965,476	**3,491,477**
Profit attributable to:					
Owners of the Company	3,054,657	3,216,604	2,209,854	2,963,514	**3,456,953**
Non-controlling interests	94,150	65,994	19,899	1,962	**34,524**
OTHER COMPREHENSIVE INCOME, NET OF TAX	284,105	(455,575)	76,148	276,157	**102,446**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	3,338,762	2,761,029	2,285,771	3,243,363	**3,557,083**
EARNINGS PER SHARE:					
Basic and diluted (RMB/Share)	0.84	0.82	0.51	0.67	**0.79**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2017	2018	2019	2020	**2021**
Cash and cash equivalents	6,756,114	5,027,638	6,820,780	7,709,224	**8,141,296**
Current assets	33,081,328	32,917,500	48,444,168	44,038,265	**47,935,932**
Non-current assets	39,706,513	48,446,553	54,612,916	65,099,916	**71,424,260**
Total assets	72,787,841	81,364,053	103,057,084	109,138,181	**119,360,192**
Current liabilities	(29,600,317)	(31,600,586)	(49,568,900)	(47,844,833)	**(49,886,074)**
Non-current liabilities	(19,712,523)	(23,288,343)	(21,263,935)	(26,320,058)	**(33,050,522)**
Total liabilities	(49,312,840)	(54,888,929)	(70,832,835)	(74,164,891)	**(82,936,596)**
Net assets	23,475,001	26,475,124	32,224,249	34,973,290	**36,423,596**
Issued share capital	3,556,203	3,556,203	4,225,068	4,225,068	**4,225,068**
Reserves	19,130,490	21,405,015	26,450,053	29,943,184	**31,316,715**
Equity attributable to owners of the Company	22,686,693	24,961,218	30,675,121	34,168,252	**35,541,783**
Non-controlling interests	788,308	1,513,906	1,549,128	805,038	**881,813**

* The EPS data was not restated.

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GOLDWIND

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