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GOLDWIND

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.*

新疆金風科技股份有限公司

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

Stock Code : 02208

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Annual results for the year ended 31 December 2010

Compared to 2009 financial results:	
Revenue	an increase of 63.83% to approximately RMB17,475,172,000
Gross profit	an increase of 45.83% to approximately RMB4,021,418,000
Profit attributable to owners of the Company	an increase of 31.16% to approximately RMB2,289,520,000
Earnings per share	an increase of 26.92% to approximately RMB0.99
Proposed final dividend per share	an increase of 240% to approximately RMB0.34

The Board of Directors (the "**Board**") of Xinjiang Goldwind Science & Technology Co., Ltd. (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (the Company and its subsidiary, collectively, the "**Group**") for the year ended 31 December 2010. The Group's financial results have been audited by Ernst & Young.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
REVENUE	4	17,475,172	10,666,505
Cost of sales		(13,453,754)	(7,908,882)
Gross profit		4,021,418	2,757,623
Other income and gains	4	665,732	335,583
Selling and distribution costs		(1,096,360)	(689,847)
Administrative expenses		(417,616)	(276,341)
Other expenses		(272,208)	(77,440)
Finance costs	6	(116,977)	(62,759)
Share of profits and losses of:			
Jointly-controlled entities		5,162	(289)
Associates		10,564	4,028
PROFIT BEFORE TAX	5	2,799,715	1,990,558
Income tax expense	7	(415,878)	(199,955)
PROFIT FOR THE YEAR		2,383,837	1,790,603
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		(34,553)	7,892
Others		7,078	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(27,475)	7,892
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		2,356,362	1,798,495
Profit attributable to:			
Owners of the Company		2,289,520	1,745,580
Non-controlling interests		94,317	45,023
		2,383,837	1,790,603
Total comprehensive income attributable to:			
Owners of the Company		2,262,045	1,753,472
Non-controlling interests		94,317	45,023
		2,356,362	1,798,495
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted	9	RMB0.99	RMB0.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2010

	Notes	As at 31 December 2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,782,767	2,440,655
Investment properties		88,177	80,954
Prepaid land lease payments		260,413	160,637
Goodwill		256,823	249,882
Other intangible assets		353,239	346,550
Investments in jointly-controlled entities		172,502	69,741
Investments in associates		89,980	47,370
Available-for-sale investments		60,460	9,000
Deferred tax assets		399,169	190,504
Prepayments		88,032	1,935
Derivative financial instruments		9,975	-
Total non-current assets		5,561,537	3,597,228
CURRENT ASSETS			
Inventories		4,390,716	2,853,546
Trade and bills receivables	10	7,583,129	2,919,607
Prepayments, deposits and other receivables		1,204,035	830,409
Derivative financial instruments		-	4,667
Pledged deposits		334,599	218,538
Cash and cash equivalents	11	9,323,600	4,458,950
Total current assets		22,836,079	11,285,717
CURRENT LIABILITIES			
Trade and bills payables	12	8,130,173	3,760,207
Other payables and accruals		1,952,241	2,055,786
Derivative financial instruments		7,546	10,746
Interest-bearing bank and other borrowings		1,501,526	601,892
Tax payable		422,918	212,335
Provision		441,793	241,297
Total current liabilities		12,456,197	6,882,263
NET CURRENT ASSETS		10,379,882	4,403,454
TOTAL ASSETS LESS CURRENT LIABILITIES		15,941,419	8,000,682

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2010

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		15,941,419	8,000,682
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,465,314	2,022,121
Deferred tax liabilities		68,967	90,937
Provision		574,366	195,795
Government grants		187,359	140,588
Other long-term liabilities		14,513	23,984
Total non-current liabilities		2,310,519	2,473,425
Net assets		13,630,900	5,527,257
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		2,694,588	1,400,000
Reserves		9,678,240	3,661,057
Proposed final dividend	8	916,160	140,000
		13,288,988	5,201,057
Non-controlling interests		341,912	326,200
Total equity		13,630,900	5,527,257

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2010

	Attributable to owners of the Company								
	Issued share capital	Capital reserve	Statutory surplus reserve	Retained profits	Exchange fluctuation reserve	Proposed dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
1 January 2009	1,000,000	1,669,546	157,300	630,989	(15,351)	280,000	3,722,484	415,181	4,137,665
Profit for the year	-	-	-	1,745,580	-	-	1,745,580	45,023	1,790,603
Other comprehensive income	-	-	-	-	7,892	-	7,892	-	7,892
Total comprehensive income for the year	-	-	-	1,745,580	7,892	-	1,753,472	45,023	1,798,495
Final 2008 dividend declared	-	-	-	-	-	(280,000)	(280,000)	-	(280,000)
Profit appropriation to reserves	-	-	109,663	(109,663)	-	-	-	-	-
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	(93,867)	(93,867)
Issue of bonus shares	400,000	-	-	(400,000)	-	-	-	-	-
Share of reserves of an associate	-	569	453	4,079	-	-	5,101	-	5,101
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	22,977	22,977
Acquisition of subsidiaries	-	-	-	-	-	-	-	69,610	69,610
Disposal of subsidiaries	-	-	-	-	-	-	-	(132,724)	(132,724)
Proposed final 2009 dividend	-	-	-	(140,000)	-	140,000	-	-	-
As at 31 December 2009 and 1 January 2010	1,400,000	1,670,115 *	267,416 *	1,730,985 *	(7,459) *	140,000	5,201,057	326,200	5,527,257
Profit for the year	-	-	-	2,289,520	-	-	2,289,520	94,317	2,383,837
Other comprehensive income	-	7,078	-	-	(34,553)	-	(27,475)	-	(27,475)
Total comprehensive income for the year	-	7,078	-	2,289,520	(34,553)	-	2,262,045	94,317	2,356,362
Final 2009 dividend declared	-	-	-	-	-	(140,000)	(140,000)	-	(140,000)
Profit appropriation to reserves	-	-	213,765	(213,765)	-	-	-	-	-
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	(32,565)	(32,565)
Issue of bonus shares	840,000	-	-	(840,000)	-	-	-	-	-
Issue of H shares	454,588	6,584,200	-	-	-	-	7,038,788	-	7,038,788
Share issue expenses	-	(284,394)	-	-	-	-	(284,394)	-	(284,394)
Capital withdrawal by non-controlling shareholders	-	-	-	-	-	-	-	(41,440)	(41,440)
Acquisition of subsidiaries	-	-	-	-	-	-	-	46,283	46,283
Disposal of subsidiaries	-	-	-	-	-	-	-	(31,360)	(31,360)
Derecognition of a subsidiary	-	-	-	-	-	-	-	(19,523)	(19,523)
Proposed dividend	-	-	-	(784,000)	-	784,000	-	-	-
Proposed final dividend	-	-	-	(916,160)	-	916,160	-	-	-
Dividend declared	-	-	-	-	-	(784,000)	(784,000)	-	(784,000)
Others	-	-	-	(4,508)	-	-	(4,508)	-	(4,508)
As at 31 December 2010	2,694,588	7,976,999 *	481,181 *	1,262,072 *	(42,012) *	916,160	13,288,988	341,912	13,630,900

* As at 31 December 2010, these reserve accounts comprised the consolidated reserves of RMB9,678,240,000 (31 December 2009: RMB3,661,057,000) in the consolidated statements of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,799,715	1,990,558
Adjustments for:			
Finance costs	6	116,977	62,759
Foreign exchange differences, net	5	40,430	3,988
Bank interest income		(8,021)	(23,879)
Share of profits and losses of jointly-controlled entities		(5,162)	289
Share of profits and losses of associates		(10,564)	(4,028)
Depreciation	5	112,808	67,475
Amortisation of prepaid land lease payments	5	3,653	2,101
Amortisation of other intangible assets	5	50,748	12,557
Loss on disposals of items of property, plant and equipment and other intangible assets, net	5	136	9,205
Gain on disposals of subsidiaries	4	(414,724)	(189,815)
Gain on derecognition of a subsidiary	4	(29,040)	-
Gain on disposal of available-for-sale investments	4	-	(12,750)
Dividend income from available-for-sale investments	4	(15,239)	-
Gains on derivative financial instruments		(1,474)	-
Net fair value loss/(gain) on derivative financial instruments	4	(8,508)	3,800
Impairment of trade and other receivables	5	186,804	31,045
Write-down of inventories to net realisable value	5	1,130	1,405
Government grants		(25,191)	(51,839)
Excess over the cost of investments in associates		-	(1,342)
		2,794,478	1,901,529
Increase in inventories		(1,442,972)	(733,366)
Increase in trade and bills receivables		(4,415,853)	(394,203)
(Increase)/decrease in prepayments, deposits and other receivables		(339,934)	98,223
Increase in trade and bills payables		3,638,495	1,069,838
Decrease in other payables and accruals		(209,697)	(659,033)
Increase in provision		583,537	305,156
Cash generated from operations		608,054	1,588,144
Income tax paid		(421,643)	(286,352)
Net cash flows from operating activities		186,411	1,301,792

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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2010

	Notes	2010	2009
		RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(2,551,897)	(1,540,105)
Additions of prepaid land lease payments		(30,764)	(95,199)
Additions of other intangible assets		(84,060)	(42,771)
Acquisitions of subsidiaries, net of cash acquired		63,851	(9,772)
Purchase of shareholding in jointly-controlled entities		(24,875)	(70,030)
Purchase of shareholding in associates		-	(31,608)
Purchases of available-for-sale investments		(3,100)	(1,000)
Acquisition of non-controlling interests in subsidiaries		(23,000)	-
Proceeds from disposals of items of property, plant and equipment		419	13,866
Proceeds from disposals of other intangible assets		-	7,566
Disposals of subsidiaries, net of cash disposed		213,036	304,834
Derecognition of a subsidiary, net of cash disposed		(1,087)	-
Disposals of a jointly-controlled entity		17,500	3,300
Disposals of available-for-sale investments		-	27,750
Increase in pledged deposits		(116,061)	(218,538)
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(1,200)	(80,000)
Government grants received		22,480	94,040
Interest received		8,319	21,182
Dividend received		13,588	-
Proceeds from derivative financial instruments		1,474	-
Net cash flows used in investing activities		(2,495,377)	(1,616,485)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		3,659,293	2,249,840
Repayment of bank and other borrowings		(2,023,053)	(424,500)
Interest paid		(152,707)	(69,155)
Proceeds from issue of new shares		7,038,788	-
Share issue expenses		(269,293)	-
Capital withdrawal by non-controlling shareholders		(24,388)	-
Capital contributions from non-controlling shareholders		-	22,977
Dividend paid to owners of the Company		(924,000)	(280,000)
Dividend paid to non-controlling shareholders		(25,828)	(93,867)
Net cash flows from financing activities		7,278,812	1,405,295
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,969,846	1,090,602
Cash and cash equivalents at beginning of year		4,378,950	3,286,400
Effect of foreign exchange rate changes, net		(106,396)	1,948
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	9,242,400	4,378,950

1. CORPORATE INFORMATION

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

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

- Manufacture and sale of wind turbine generators and wind power components
- Development and operation of wind farms, consisting of wind power generation service provided by the Group's wind farms as well as sale of wind farms, if appropriate
- Provision of wind power related consultancy, wind farm construction, maintenance and transportation services

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

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations ("IFRICs") approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance (the "Companies Ordinance"). They have been prepared under the historical cost convention, except for certain financial assets as further explained in note 2.4 to the financial statements. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

<u>Basis of consolidation</u>

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2010. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PRESENTATION(continued)

<u>Basis of consolidation</u> (continued)

Basis of consolidation from 1 January 2010 (continued)

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.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in *Improvements to IFRSs* issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in April 2009

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), amendments to IAS 7 and IAS 17 included in Improvements to IFRSs 2009, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 3 (Revised) *Business Combinations* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to IFRSs 2009* issued in April 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.
- IAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

3. OPERATING SEGMENT INFORMATION

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

(a) The wind turbine generator manufacturing and sale segment engages in the research and development, manufacture and sale of wind turbine generators and wind power components;

(b) The wind power services segment provides wind power related consultancy, wind farm construction, maintenance and transportation services; and

(c) The wind farm development segment engages in development of wind farms, which consists of wind power generation service provided by the Group's wind farms as well as sale of wind farms, if appropriate.

Management monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit 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 or loss before tax.

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

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2010

	Wind turbine RMB'000	Wind power RMB'000	Wind farm RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	17,004,649	292,685	177,838	-	17,475,172
Intersegment sales	1,711,109	157,500	-	(1,868,609)	-
Total revenue	18,715,758	450,185	177,838	(1,868,609)	17,475,172
Segment results:	2,646,984	62,554	329,642	(151,297)	2,887,883
Interest income	43,625	985	1,480	(17,281)	28,809
Finance costs	(56,378)	-	(77,880)	17,281	(116,977)
Profit before tax	2,634,231	63,539	253,242	(151,297)	2,799,715
Segment assets	25,842,523	409,666	4,824,090	(2,678,663)	28,397,616
Segment liabilities	12,409,179	242,998	3,858,403	(1,743,864)	14,766,716
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	-	-	5,162	-	5,162
Associates	6,180	-	4,384	-	10,564
Depreciation and amortisation	110,154	2,395	60,710	(6,050)	167,209
Write-down of inventories to net realisable value	1,130	-	-	-	1,130
Impairment/(reversal of impairment) of trade and other receivables	134,710	(2,137)	(2,502)	56,733	186,804
Product warranty provision	780,062	-	-	(23,888)	756,174
Investments in jointly-controlled entities	-	-	298,948	(126,446)	172,502
Investments in associates	60,627	-	40,584	(11,231)	89,980
Capital expenditure(1)	891,828	7,729	2,799,392	(303,942)	3,395,007

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2009

	Wind turbine RMB'000	Wind RMB'000	Wind farm RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	10,347,350	215,368	103,787	-	10,666,505
Intersegment sales	1,855,648	110,000		(1,965,648)	
Total revenue	12,202,998	325,368	103,787	(1,965,648)	10,666,505
Segment results	2,043,000	54,127	90,937	(158,626)	2,029,438
Interest income	20,535	791	2,553	-	23,879
Finance costs	(30,896)	(427)	(31,967)	531	(62,759)
Profit before tax	2,032,639	54,491	61,523	(158,095)	1,990,558
Segment assets	12,856,741	408,894	3,027,529	(1,410,219)	14,882,945
Segment liabilities	7,449,870	297,576	2,360,626	(752,384)	9,355,688
Other segment information:					
Share of profits and losses of:					
Jointly-controlled entities	-	-	(289)	-	(289)
Associates	4,028	-	-	-	4,028
Depreciation and amortisation	58,522	1,911	25,944	(4,244)	82,133
Write-down of inventories to net realisable value	1,405	-	-	-	1,405
Impairment/(reversal of impairment) of trade and other receivables	53,962	1,963	(6,572)	(18,308)	31,045
Product warranty provision	496,029	-	-	(37,254)	458,775
Investments in jointly-controlled entities	17,500	-	52,241	-	69,741
Investments in associates	47,370	-	-	-	47,370
Capital expenditure(1)	269,776	4,535	2,023,164	(219,136)	2,078,339

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

No further information is presented as over 95% of the Group’s revenue was derived from customers based in Mainland China, and most of the Group’s assets are located in Mainland China.

Information about a major customer

For the year ended 31 December 2010, no revenue generated from any of the Group’s customer had individually accounted for 10% or more of the Group’s total revenue.

For the year ended 31 December 2009, revenue generated from one customer of the Group in the wind turbine generator manufacturing and sale segment amounted to RMB1,534,143,000, which had individually accounted for over 10% of the Group’s total revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the values of services rendered.

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

4. REVENUE, OTHER INCOME AND GAINS (continued)

	2010 RMB'000	2009 RMB'000
Revenue		
Sale of wind turbine generators and wind power components	17,004,649	10,347,350
Wind power services	292,685	215,368
Wind power generation	177,838	103,787
	17,475,172	10,666,505
Other income		
Bank interest income	28,809	23,879
Dividend income from available-for-sale	15,239	-
Gross rental income	16,023	16,879
Government grants	100,670	51,839
Value-added tax refund	7,022	1,810
Insurance compensation on product warranty	34,749	19,714
Others	3,356	7,379
	205,868	121,500
Gains		
Gain on disposals of subsidiaries, including wind farm project companies	414,724	189,815
Gain on derecognition of a subsidiary, a wind farm project company	29,040	-
Gain on disposal of available-for-sale investments	-	12,750
Gain on disposals of items of property, plant and equipment	377	93
Net fair value gain on derivative financial instruments	8,508	-
Realised gain on derivative financial instruments	1,474	8,184
Others	5,741	3,241
	459,864	214,083
	665,732	335,583

5. PROFIT BEFORE TAX

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

	2010 RMB'000	2009 RMB'000
Cost of inventories sold	13,172,640	7,708,089
Write-down of inventories to net realisable value	1,130	1,405
Depreciation (note (a)) provided for:		
Property, plant and equipment	110,156	65,243
Investment properties	2,652	2,232
	112,808	67,475
Amortisation of prepaid land lease payments	3,653	2,101
Amortisation of other intangible assets	50,748	12,557
	54,401	14,658
Impairment of trade and bills receivables	185,298	40,736
Impairment/(reversal of impairment) of prepayments, deposits and other receivables	1,506	(9,691)
	186,804	31,045
Loss on disposals of items of property, plant and equipment and other intangible assets, net	136	9,205
Minimum lease payments under operating leases of land and buildings	15,597	4,122
Auditors' remuneration	6,900	789
Employee benefit expenses (including directors' and supervisors' remuneration):		
Wages and salaries	298,047	213,701
Pension scheme contributions (defined contribution scheme) (note (b))	17,577	12,507
Welfare and other expenses	40,930	28,231
	356,554	254,439
Foreign exchange differences, net	40,430	3,988
Research and development costs:		
Staff costs	43,100	25,831
Amortisation and depreciation	3,489	3,236
Materials expenditure and others	51,790	28,528
	98,379	57,595
Product warranty provision	756,174	458,775

5. PROFIT BEFORE TAX(continued)

(a) Depreciation of approximately RMB79,335,000 (2009: RMB41,837,000) is included in the cost of sales on the face of the consolidated statements of comprehensive income for the year ended 31 December 2010.

(b) As at 31 December 2010, the Group's forfeited contributions amounting to RMB7,000 (31 December 2009: RMB7,000) available to reduce its contributions to the pension schemes in future years.

6. FINANCE COSTS

	2010 RMB'000	2009 RMB'000
Interest on bank loans and other borrowings wholly repayable:		
Within five years	144,214	74,072
Above five years	33,081	28,822
	177,295	102,894
Less: Interest capitalised	(60,318)	(40,135)
	116,977	62,759

7. INCOME TAX EXPENSE

Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for the Company's overseas subsidiaries and certain preferential treatment available to the Company, the Company's subsidiaries, jointly-controlled entities and associates in the PRC, which were exempted from income tax or taxed at a preferential rate of 15% primarily due to their status as entities engaging in technology development or their involvement in the important public infrastructure investment projects that were supported by the government and development projects in the western region of the PRC, the entities within the Group were subject to corporate income tax at a rate of 25% during the year.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

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

7. INCOME TAX EXPENSE (continued)

The Company has been identified as a "high and new technology enterprise" and was entitled to a preferential income tax rate of 15% for the three years ending 31 December 2011 in accordance with the PRC Corporate Income Tax Law.

	2010 RMB'000	2009 RMB'000
Current		
- Mainland China	541,462	255,332
- Germany	96,626	33,597
	638,088	288,929
Deferred	(222,210)	(88,974)
Tax charge for the year	415,878	199,955

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

	2010 RMB'000	2009 RMB'000
Profit before tax	2,799,715	1,990,558
Income tax charge at the statutory income tax rate of 25%	699,929	497,639
Effect of different income tax rates for overseas entities	9,799	5,578
Tax exemption	(266,312)	(298,144)
Tax losses not recognised	15,245	485
Income not subject to tax	(3,810)	-
Expenses not deductible for tax purposes	9,117	4,337
Additional tax deduction to research and development expenditure	(13,221)	(7,589)
Profits and losses attributable to jointly-controlled entities	(1,291)	(72)
Profits and losses attributable to associates	(2,641)	1,007
Others	(30,937)	(3,286)
Tax charge for the year at the effective rate	415,878	199,955

8. DIVIDENDS

	2010 RMB'000	2009 RMB'000
Dividend per ordinary share	784,000	-
Proposed final dividend of RMB0.34 (2009: RMB0.1) per ordinary share	916,160	140,000
	1,700,160	140,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share amount for the year is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,315,764,667 (2009: 2,240,000,000) in issue during the year.

	2010 RMB'000	2009 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	2,289,520	1,745,580

	Number of shares 2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation, after taking into consideration of the issuance of the new shares from the beginning of the year up to the date of these financial statement	2,315,764,667	2,240,000,000 *

The Company did not have any dilutive potential ordinary shares during the year.

* The number of ordinary shares in issue during 2009 had been adjusted to take into account the bonus issued during the year ended 31 December 2010.

10. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade receivables	6,888,428	2,624,662
Bills receivable	517,758	209,799
Retention money receivables	549,034	272,182
Provision for impairment	(372,091)	(187,036)
	7,583,129	2,919,607

The Group normally allows a credit period of not more than three months to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interesting bearing.

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

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within 3 months	4,143,724	1,453,034
3 to 6 months	979,376	398,581
6 months to 1 year	1,361,589	484,080
1 to 2 years	795,912	455,656
2 to 3 years	217,852	107,439
Over 3 years	84,676	20,817
	7,583,129	2,919,607

10. TRADE AND BILLS RECEIVABLES (continued)

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

	As at RMB'000
Neither past due nor impaired	3,183,937
Less than 3 months past due	454,382
3 to 6 months past due	572,663
	4,210,982

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

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

As at 31 December 2009, all the Group's trade receivables were either individually or collectively considered to be impaired.

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

	2010 RMB'000	2009 RMB'000
At beginning of the year	187,036	148,843
Impairment losses recognised (note 5)	308,464	126,583
Impairment losses reversed (note 5)	(123,166)	(85,847)
Disposals of subsidiaries	-	(2,594)
Exchange realignment	(243)	51
At end of the year	372,091	187,036

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Cash and bank balances	7,158,170	2,576,460
Time deposits	2,500,029	2,101,028
	9,658,199	4,677,488
Less: Pledged time deposits for		
- bank loans	(196,307)	(218,538)
- uncompleted transaction	(138,292)	
	(334,599)	(218,538)
Cash and cash equivalents in the consolidated financial statements	9,323,600	4,458,950
Less: Non-pledged time deposits with original maturity of three	(81,200)	(80,000)
Cash and cash equivalents in the consolidated statements of cash flows	9,242,400	4,378,950
Cash and cash equivalents and pledged deposits denominated in:		
- RMB	6,516,930	4,469,305
- other currencies	3,141,269	208,183
	9,658,199	4,677,488

12. TRADE AND BILLS PAYABLES

	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000
Trade payables	4,647,602	1,997,643
Bills payables	3,482,571	1,762,564
	8,130,173	3,760,207

Trade and bills payables are non-interest-bearing and are normally settled within 90 days.

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

	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000
Within 3 months	6,375,994	3,142,625
3 to 6 months	1,533,364	478,464
6 months to 1 year	132,383	66,212
1 to 2 years	79,389	70,852
2 to 3 years	7,298	893
Over 3 years	1,745	1,161
	8,130,173	3,760,207

13. APPROVAL OF THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of director on 25 March 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Review

Energy is the fundamental building blocks of our economy and society. The global use of energy has dramatically increased in recent times, with the use of coal, oil, natural gas and other fossil fuels reaching an alarming rate. As a result, the ecological environment is deteriorating, especially the worsening effects of global warming caused by the release of greenhouse gases, posing a serious threat to the sustainable development of our society. Therefore, increasing the supply of energy, improving the energy safety, protecting the environment, and promoting the sustainable development of our economy and society should be the top priority for the international community.

As the global economy enters the stage of recovery over the last year, the demand for energy also experienced further growth. Considering of the price volatility of oil, coal, natural gas and other non-renewable energy sources, and the recent concerns about the nuclear power, the development of global clean energy has become the centre of attention once again.

Wind power is a renewable energy with the advantages of distributed generation, economies of scale, and relatively competitive operating cost. It can have a profound effect on the subject of energy safety and the independent and unlimited nature of the supply source. It is a source of clean energy that is truly safe, and satisfies the zero emissions characteristic.

i. Global Wind Power Industry

According to the statistics from Global Wind Energy Committee (GWEC), the global accumulated installed capacity for year 2010 was 194.4GW, an increase of 22.5% compared to that of 2009. The global newly installed capacity for year 2010 was 35.8GW, a decrease of 7% compared to that of 2009. This is due to a significant decrease in the USA market and a slowdown in the European market. Driven by the Chinese and Indian markets, the Asian market experienced a 29.9% growth rate, and the newly installed capacity for China and India accounted for 46.1% and 6% of total global installed capacity respectively.

ii. China Wind Power Industry

1. Driven by a shift towards renewable energy, and the wind power industry continued to grow.

According to the statistics from National Power Industry Statistics Bulletin (2010), by the end of 2010, Chinese power generation equipment installed capacity was 962.19GW, representing an increase of 10.08% over that of last year, among which the connected wind power generation was 31.07GW, an increase of 76.56% that accounted for about 3.23% of the total power generated from all sources, representing an increase of 1.22 percentage points over the last year.

The national infrastructure produced a total of 91.27GW of newly installed energy capacity in 2010, of which clean energy such as hydropower, nuclear power, wind power and solar power represented 36% of the total, an increase of 4 percentage points over last year. The wind power industry continued to experience significant growth with the capacity for wind power that was newly connected to the power grid in 2010 totaling 13.99GW, representing an increase of 55.96%。

In 2010, the total electricity generated nationally was 4,228,000GWH, of which wind power contributed 50,100GWH and accounts for 1.18% of the total, representing an increase of 0.43 percentage points over last year.

These figures demonstrate that the national energy generation structure is currently experiencing a period of change, with the proportion of renewable energy steadily increasing, further proof that the Chinese government is determined to achieve the goal of developing a green economy. However, the proportion of wind power, which is the leading form of clean energy, in terms of total energy generation is still relatively low, and is a distance away from the promise given by the Chinese government at the Copenhagen Conference.

In 2010, China's wind power industry continued to experience rapid growth. According to the statistics published by the China Wind Energy Associate (CWEA), China's newly installed wind power capacity reached 18.93GW, representing an increase of 37.1% from 2009. However, compared to the developed countries, China's wind power generation in terms of the total is still relatively low. With China's massive demand for energy and wind energy's relatively small contribution so far, there is a fantastic opportunity for the rapid growth of the Chinese wind power industry to continue.

2. Offshore Wind Power

China's offshore wind power industry entered the development stage in 2010. In October, four offshore wind power commissioned projects were officially launched, with a combined total installed capacity of 1GW.

iii. WTG Manufacturing in China

1. **Increasing Competition in the Market, Changing Market Trends**

The competitiveness of the Chinese WTG manufacturing market became fiercer than ever before in 2010, leading to a significant decrease in the average selling price ("ASP") of WTGs. The continuous reduction in prices put pressure on the profitability of WTG manufacturers, not only led to an increase in the return of investment for high quality wind farms, but also led to various mergers in the industry.

2. Shifting Towards Multi-MW WTGs

In recent years, WTG manufacturers turned their attention to the development of WTGs with large capacities. Therefore large domestic manufacturers increased the pace of R&D within this area. The Group has successfully manufactured the 2.5 MW DDPM WTG which is available for sale. The advanced technology and good performance of this WTG will help the Group to improve our market share even further.

iv. Industry Policy in China

In February 2010, the National Energy Bureau and National Ocean Bureau jointly issued the *Interim Provision for Administration of the Development and Construction of Offshore Wind Power*. According to its requirements on offshore wind power construction, the capacity of offshore WTGs should be no less than 3MW, with future capacity increasing to more than 5 MW.

In April 2010, the *Wind Power Equipment Manufacturing Admittance Standard* was jointly researched and drafted by the Ministry of Industry and Information Technology (MIIT), National Development and Reform Committee (NDRC), and National Energy Administration, and requested comments and opinions from the industry, thus further increasing the barriers to entry.

In May 2010, the Chinese government held a Xinjiang symposium, proposing 55 supporting policies in response to Xinjiang's rapid development. These policies in respect of the energy industry will clearly stress to promote the development of the new energy industry such as wind power.

In October 2010, the Chinese government issued the *State Council Decision on Speeding up Cultivating and Developing Strategic Emerging Industry*, which indicated that China will focus on cultivating and developing seven major industries, including energy efficiency and environmental protection, new energy and new energy vehicles etc. during the period of the Twelfth Five Year Plan. Already the most mature industry in the new energy sector, the wind power industry will certainly welcome the height of successful of its development in the near future.

On 21 December 2010, the National Energy Bureau issued the "*Interim Administration Measures for the Inspection of Wind Power Grid Connection*, stating that the WTGs used in the installation and connection of the power grid must be properly tested and approved. The new standards came into effect on 1 January, 2011.

On 23 December 2010, the NDRC (Engergy [2010] No.3019 issued the *Notice for the Opinions Regarding the Promotion of Healthy Development of the Wind Power Equipment Manufacturing Industry*. This will guide and regulate the wind power equipment manufacturing industry, and promote the sustainable development of the industry.

These policies will be of significant benefit to the development of the wind power manufacturing industry, and subsequently improve the Group's competitiveness.

II. Business Review

The Group is a leading WTG manufacturer and a provider of complete wind power solutions in China. Our primary business is WTG R&D, manufacturing and sales. We also engage in the provision of comprehensive wind power services and the development of wind farms for sale to wind power operators and investors. By the end of 2010, the Group has set up 8278 WTGs in China.

i. WTG R&D, Manufacturing and Sales

The Group commits itself to research, design and manufacture of high quality WTGs with high efficiency and reliability. In 2010, the Chinese wind power industry continued to experience rapid growth. However, the market competition continues to increase with price wars continuing to heat up, and the profit of manufacturers under constant pressure. Facing the complex market environment, the Company remains calm and diligent, producing detailed analysis of the market environment, offering prompt and effective counter-measures, increasing the pace of product development, optimizing marketing concepts, expanding market shares, and constantly improving cost control methods. As a result, the Group achieved the sustainable growth.

The revenue from the sale of WTG and spare parts for the year 2010 was RMB17.005 billion, representing a 64.34% increase over last year. Total sales volume was 4,006.75MW, an increase of 96.84% over 2009. The following table sets out the details of our products sold in 2009 and 2010:

	2010		2009		
	Unit number	Installed capacity (MW)	Unit number	Installed capacity (MW)	Installed capacity change %
2.5MW	1	2.5	-	-	-
1.5MW	2567	3850.5	1061	1591.5	141.94%
750kW	205	153.75	592	444	-65.37%
Total	2773	4006.75	1653	2035.5	96.84%

The Company's Xi'an production base began commenced operation in July 2010. It became our major MW level WTG production base in the northwestern area. The offshore WTG production base in Dafeng, Jiangsu was also launched for operation, establishing an important milestone for our offshore strategy. Up to now, the Company's major WTG manufacturing layout has been completed, which includes 9 production bases, namely Yizhuang in Beijing, Urumuqi in Xinjiang, Baotou in Inner Mogolia, Jiuquan in Gansu, Xi'an in Shaanxi, Dafeng in Jiangsu, Fuxin in Liaoning, Chengde in Hebei and Yinchuan in Ningxia. With the continued optimization of our technology and manufacturing process, the production capacity of 1.5MW WTG has reached 4,000 units, and all 9 bases are also able to meet the production requirements of the 2.5MW WTG.

In 2010, the Company and Infineon Technologies AG, a leading global semiconductor solution provider, entered into an agreement to introduce core module technology to the Company. The Company received the license to manufacture in house Infineon modules required by the convertor of MW-level WTGs. The Company can enjoy the significant savings in cost of production by volume production in house, while the components' self sufficiency ability also can continue to be improved.

Following the production of electrical control systems in house, the Company began independent blade design and R&D. In 2010, the Company acquired the domestically matured blade suppliers, Xiexin Wind Power (Jiangsu) Co., Ltd. and Xiexin Wind Power (Xilinhaote) Co., Ltd., aimed at integrating both companies' parties' design and production abilities, and developing the ability for blade production in house as soon as possible, allowing the Company to grasp the core technology and achieve further cost savings.

Technological R&D is the Company's lifeblood. During the reporting period, the Company's various R&D projects continued to perform successfully. The 1.5MW WTG passed the Low-Voltage-Ride-Through tests and became the first DDPM WTG to receive this certification. The availability rate for the 1.5MW WTG continues to achieve above 98%. The advantages of DDPM technology has widely recognized in the industry leading to an increase in customer satisfaction. 5 prototypes of 2.5MW WTG have been completed and connected to power grids in Xinjiang, Beijing, Jiangsu and Germany, with all prototypes are operating well. These prototypes were set up in both onshore and offshore areas in order to adapt to different market requirements. Based on the excellent performance and test results of the 2.5MW WTGs, the Company has begun its series design and unit capacity upgrade. In order to adapt to the market competition and substantiate the Company's dominance, the Company emphasized the R&D of the large model WTGs in order to speed up the development progress, and has already begun the development of 6MW DDPM WTGs.

Benefiting from the Company's advanced technology, high quality products that are efficient and reliable, and good services, we achieved an excellent level of sales as well as achieved a public tender bid-winning rate that was well ahead of competitors in the Chinese market in 2010. By the end of 2010, the intake order was 2764.5MW, among which, orders of 1.5MW WTGs was 2716.5MW, orders of 2.5MW was 45MW, and orders of 3MW was 3MW. In addition, we also have orders of 3815.5MW that was won during bidding and awaiting final contracts, including orders of 1.5MW WTGs of 2,112MW, orders of 2.5MW of 1,697.50MW, orders of 3MW of 6MW, among which 200MW are offshore projects.

ii. Wind Power Services

The Group's background in R&D and manufacturing, and experience in wind farm operations bring a distinct advantage to our products and services. We localize our services, which enables us to increase technical support and better ensure a rapid response to customers' needs. We provide customers with comprehensive wind power services, including preliminary investment consultation, pre-construction services, project construction services, post construction operations and maintenance services, and various software support services such as SCADA, energy management platform, etc.

In 2010, the revenue from wind power services reached RMB293 million, an increase of 35.90% over last year.

iii. Wind Farm Investment, Development and Sales

Relying on the Group's competitive advantages in R&D, manufacturing, and provision of comprehensive wind power services, the Group has the capability to invest and develop wind farms equipped with our WTGs. We believe that these wind farms can provide us and our customers with the maximum investment value. This business segment effectively created for the group a new source of profit with strong growth potentials, as well as promoted the Group's WTG sales and wind services, thereby enhancing the Group's overall market position.

In 2010, the total newly installed capacity of completed wind farms was 327MW, attributable installed capacity was 248.13MW, and we sold interests of 6 wind farms with the attributable installed capacity of approximately 155.82MW. As of 31 December, 2010, the Company had 624MW of total installed capacity of completed wind farms, and 417.42MW of attributable installed capacity. In addition to the completed wind farms, the attributable installed capacity of the projects still under construction is 306.38MW.

In 2010, the revenue from the wind farm operation was RMB178 million, an increase of 71.35% over that of 2009. Income for wind farm sales was RMB 444 million, an increase of RMB 254 million over last year.

iv. International Business

As one of the first and the most mature WTG manufacturer in the domestic market, the Group marched into the international market in 2010. We intensified our effort to promote the implementation of international development strategy with market, product, capital and international talent pool as its core strategy, and adopted a series of strategic measures, promoting international development and made major progress.

The wholly-owned American subsidiary of the Company, TianRun Shady Oaks, LLC, won a bid and entered into an agreement to supply electricity generated by Shady Oaks Wind Farm located in tIllinois, USA for a term of 20 years starting from 2012, representing significant progress in implementing the Group's strategy of expanding into international markets. The Company also entered into an agreement with China Machinery & Equipment International Tendering Co., Ltd. for the supply of 34 units of 1.5MW DDPM WTGs for the Adama wind farm project in Ethiopia, representing Goldwind's first step into the African market. Furthermore, the Company will supply 21 units of 1.5MW WTG for the Alexigros project in Cyprus. Finally, the Company will supply over 70 units of MW-level WTGs for the Gullen Range project in Australia, representing another major milestone for our development in the Australian market.

v. Use of Proceeds

1. Use of A share proceeds

The Company was listed on the Shenzhen Stock Exchange in December 2007. According to the Capital Verification Report issued by WUZHOU SONGDE Accountants Firm on 19 December, 2007, the actual net proceeds were RMB1.745 billion. As of 31 December 2010, the accumulated used proceeds were RMB 1.49 billion, and RMB 255 million raised funds were not used. The use of A share proceeds is as follows:

(Unit: RMB million)

Proceed projects	**Investment plan**	**Actual investment**	**Unused amount**
Capacity expansion			
Beijing MW level WTG high technology industrialization project	150	150	0
Xinjiang MW level WTG capacity expansion project	461	461	0
Inner Mogolia MW level DDPM WTG industrialization project	127	127	0
Nanjing MW level WTG industrialization project	115.06	25.45	89.61
R&D projects			
1.5MW series WTG R&D	128	128	0
2.5MW DDPM WTG R&D	160	160	0
3MW hydrid PM WTG R&D	232	111.23	120.77
6MW DDPM WTG R&D	50	10.49	39.51
Testing laboratory	40	34.93	5.07

Wind farm development and sales			
Capital increase to FUHUI windpower for WULATE project	81.60	81.60	0
Tacheng Mayitasi 49.5MW Trial Demonstration Wind Farm	100	100	0
Goldwind Damao Trial Demonstration Wind Farm	100	100	0
Total	1,744.66	1,489.70	254.96

2. Use of H share proceeds

The Company was listed on the Hong Kong Stock Exchange in October 2010. According to the Capital Verification Report issued by Ernst & Young Hua Ming, the H share net proceeds were RMB 6.754 billion. According to the Company's plan, about 64.8% of the total shall be used in the domestic market, and about 35.2% of the total shall be used in the international market. As of 31 December, 2010, the accumulated used proceeds were RMB 2.058 billion, and RMB4.696 billion raised funds were not used. The use of H share proceeds is as follows:

(Unit: RMB hundred million)

Proceed Projects	Investment Plan	Actual Investment	Unused Amount
Construction of production base and optimization of business operations	27.15	14.28	12.87
R&D of more advanced WTGs and certain related components	9.86	0	9.86
International business	19.72	0	19.72
Bank Loan Repayment	4.11	0	4.11
General Working Capital	6.7	6.3	0.4
Total	67.54	20.58	46.96

The Company proposed to invest RMB55 million out of proceeds from H share offering in the Jiangsu Dafeng Offshore WTG R&D project instead of the Nanjing MW level WTG industrialization project which was disclosed in the Company's prospectus issued on 27 September 2010. The Board of the Company has resolved to submit such proposal to the shareholders' meeting for approval.

vi. Human Resource Management

As of 31 December, 2010, we employed a total of 3,908 employees. The Group provides management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge. We sign individual employment agreements with our employees covering, among other things, salaries, benefits, allowances, training, workplace health and safety, confidentiality obligations relating to trade secrets and grounds for termination. Employees can also enjoy other benefits such as medical insurance, rental subsidy, pension, etc.

III. Operations Performance and Analysis

The content of this section should be read in conjunction with the audited consolidated financial statements of the Group set out in this announcement (including the relevant notes).

Summary

For the financial year ended 31 December 2010, revenue for the Group amounted to RMB 17,475.17 million, representing an increase of 63.83% as compared with RMB 10,666.51 million for the financial year ended 31 December 2009. Profit attributable to owners of the Group amounted to RMB 2,289.52 million, representing an increase of 31.16% compared to last year. Basic earnings per share of the Group were RMB 0.99.

Revenue

The Group has three business segments: (i) WTG R&D, manufacturing and sales (ii) wind power services and (iii) wind farm investment, development and sales. We mainly generate revenue from sales of wind turbines and parts for WTG R&D, manufacturing and sales segment. Revenue in the wind power services business segment derive from services such as wind farm EPC, transportation and maintenance. Revenue in our wind farm investment, development and sales business segment come from tariffs received for the power generated by our wind farms in operation.

For the year ended 31 December 2010, the Group's total revenue from operations amounted to RMB 17,475.17 million, representing an increase of 63.83% as compared with RMB 10,666.51 million last year. Details are set out below.

	Year ended 31 December			
	2010	2009	Amount Increase/(Decrease)	% Change
Sales of WTGs and parts	17,004,649	10,347,350	6,657,299	64.34%
Wind power services	292,685	215,368	77,317	35.90%
Wind power generation	177,838	103,787	74,051	71.35%
Total	17,475,172	10,666,505	6,808,667	63.83%

Total revenue increased mainly due to the expansion of our business in all three segments. The significant increase of revenue generated from sales of WTGs and parts is due to the increased demand for our products as a result of greater market recognition for our DDPM full-power rectification technology and the performance and quality of our WTGs. The increase in profits of the wind power services is mainly due to the increase of the wind power EPC services. The increase in profits of the wind farm is mainly due to the increase of installed capacity of the operational wind farms.

Cost of sales

Cost of sales consists primarily of raw materials and components, labor, depreciation and amortization, other production costs and inventory changes, as well as transferred fixed assets. Raw materials and components mainly include blades, generators, structural parts and electric control systems. Labor costs primarily consist of wages and salaries for workers directly involved in production and wind power services. Depreciation and amortization expenses are calculated for the usage of fixed assets and intangible assets, respectively, in the operation process. Inventory changes represent the changes of work in progress and finished goods, and transferred fixed assets represent the use of our WTGs as fixed assets in wind farms developed by our Group.

The following table provides a breakdown of our cost of sales:

Unit: RMB thousand

	Year ended 31 December			
	2010	2009	Amount Increase/(Decrease)	% change
Raw materials and spare parts	14,688,005	9,220,071	5,467,934	59.30%
Labor cost	112,602	83,132	29,470	35.45%
Depreciation and amortization	121,565	55,021	66,544	120.94%
Other production cost	315,533	325,923	(10,390)	(3.19%)
Changes in inventories and transferred to fixed assets	(1,783,951)	(1,775,265)	(8,686)	0.49%
Total	13,453,754	7,908,882	5,544,872	70.11%

By business segments:

Unit: RMB thousand

	Year ended 31 December			
	2010	2009	Amount Increase/(Decrease)	% change
Sales of WTGs and parts	13,152,606	7,714,765	5,437,841	70.49%
Wind Power Services	237,984	166,433	71,551	42.99%
Wind power generation	63,164	27,684	35,480	128.16%
Total	13,453,754	7,908,882	5,544,872	70.10%

Cost of sales increased mainly due to the increase in the installed capacity sold of our WTGs. The increase has been partially offset by decrease of unit COGS.

Gross Profit

Unit: RMB thousand

	Year ended 31 December			
	2010	2009	Amount increase/decrease	% change
Sales of WTGs and parts	3,852,043	2,632,585	1,219,458	46.32%
Wind Power Services	54,701	48,935	5,766	11.78%
Wind power generation	114,674	76,103	38,571	50.68%
Total :	4,021,418	2,757,623	1,263,795	45.83%

Gross profit is derived primarily from the WTG R&D, manufacturing and sales segment. For the financial year ended 31 December 2010 and 2009, our overall gross margin was 23.01% and 25.85% respectively, and the gross profit margin for the WTG R&D, manufacturing and sales segment was 22.65%and 25.44% respectively. The following table sets out the gross margins for our 750kW, 1.5MW and 2.5MW WTGs (prepared in accordance with China GAAP):

	Year ended 31 December		
Gross Profit Margin	2010	2009	Gross profit margin Increase /(Decrease)
750KW	27.69%	32.82%	(5.13%)
1.5MW	22.92%	24.11%	(1.19%)
2.5MW	8.47%	N/A	N/A

The gross profit margin for 750kW WTGs decreased mainly due to a decrease in market demands for 750kW as a result, unit fixed cost increased.

The gross profit margin for our 1.5 MW WTGs decreased from 24.11% for the financial year ended 31 December 2009 to 22.91% for the year ended 31 December 2010. Gross profit margin is calculated as revenue less cost of sales and divided by revenue. The decrease in gross profit margin is mainly due to the decrease in average selling price ("ASP") of our 1.5MW WTGs, which was largely offset by the decrease in our 1.5 MW WTG unit production costs as a result of greater economies of scale and increased in-house production of core components.

2.5MW WTGs sold only one prototype by the end of 2010, thus the related gross profit margin does not reflect the real profit potentials of the product.

Other income and gains

Other income and gains primarily consist of gains from the sale of wind farms within our wind farm investment, development and sales segment, including gains realized from the sale of wind power equipments resulting from the sale of wind farms, interest income, insurance compensation for product warranty expenditures, gross rental income and government grants received as financial subsidies for our R&D projects, and upgrading of our production facilities.

For the financial year ended 31 December 2010, the Group's total other income and gains amounted to RMB 665.73 million, representing a 98.38% increase from RMB 335.58 million for the financial year ended 2009. The increase is mainly due to wind farm disposal gains and increased government grants.

Selling and distribution costs

Our selling and distribution costs primarily consist of product warranty provisions, delivery charges, insurance expenses, bidding service fees, labor costs, loading and unloading fees, travel expenses and other expenses.

Selling and distribution costs of the Group for the financial year ended 31 December 2010 amounted to approximately RMB 1,096.36 million, a 58.93% increase compared with RMB 689.85million for the financial year ended 2009. The increase is mainly attributed to the increased volume in WTGs sales.

Administrative expenses

Administrative expenses mainly consist of R&D expenses, labor costs, taxes, depreciation, consultant fees, travel expenses and other expenses. Administrative expenses increased from RMB 276.34 million for the financial year ended 31 December 2009 to RMB 417.62 million for financial year ended 31 December 2010. The increase is mainly due to R&D expenditure, number of employees, and increased salary levels, .

Other expenses

Other expenses mainly consist of impairment provisions accrued in connection with our trade and bills receivables and banking processing fees. Other expenses for the financial year ended 31 December 2010 amounted to approximately RMB 272.21 million, representing an increase of 251.51% compared with RMB 77.44million in the financial year 2009. Increased expenses are mainly due to increase in foreign exchange losses and bad debt provision.

Finance costs

Finance cost for the financial year ended 31 December 2010 amounted to RMB 116.98 million, an increase of 86.39% from RMB 62.76 million for the financial year ended 2009. The increase is mainly due to the expansion of the Group's working capital requirements, a significant increase in interest-bearing borrowings, and increased interest expenses resulting from the completion of wind farm projects and subsequent commencement of wind farm operations.

Income tax expenses

For the financial year ended 31 December 2010, the Group incurred income tax expenses of RMB 415.88 million. Income tax expenses for the year ended 31 December 2009 was RMB 199.96 million. The increase is primarily attributed to the expansion of Group operations and increased profits.

Financial position

As of 31 December 2009 and 31 December 2010, total assets of the Group amounted to RMB 14,882.95 million and RMB 28,397.62 million, respectively. Current assets of the Group as of 31 December 2010 totaled RMB 22,836.08 million, while current assets as of 31 December 2009 totaled RMB 11,285.72 million. The percentage of currents assets to total assets on 31 December 2010 was 80.42% (31 December 2009: 75.83%). The non-current assets of the Group as of 31 December 2009 and 31 December 2010 were RMB 3,597.23 million and RMB 5,561.54 million, respectively.

Total liabilities as of 31 December 2010 amounted to RMB 14,766.72 million, compared to RMB9,355.69 million as of 31 December 2009. As of 31 December 2009 and 31 December 2010, current liabilities totaled RMB 6,882.26 million and RMB 12,456.20 million, respectively. Non-current liabilities as at 31 December 2009 and 31 December 2010 were RMB 2,473.43 million and RMB 2,310.52 million, respectively.

Net current assets and net assets as at 31 December 2010 amounted to RMB10379.88 million and RMB 13,630.90 million, respectively, compared to RMB 4,403.45 million and RMB 5,527.26 million, respectively, as of 31 December 2009.

Cash and cash equivalents as of 31 December 2009 and 31 December 2010 were RMB 4,458.95 million and RMB 9,323.60 million, respectively. As of 31 December 2009 and 31 December 2010, total interest-bearing bank and other borrowings of the Group amounted to RMB 2,624.01 million and RMB 2,966.84 million, respectively.

Financial resources and liquidity

Cash Flow Statements

Unit: RMB thousand

	Year ended 31 December	
	2010	**2009**
Net Cash flows from operating activities	186,411	1,301,792
Net Cash flows used in investing activities	(2,495,377)	(1,616,485)
Net Cash flows from financing activities	7,278,812	1,405,295
Net increase in cash and cash equivalents	4,969,846	1,090,602
Cash and cash equivalents at beginning of year	4,378,950	3,286,400

Effect of foreign exchange rate changes, net	(106,396)	1,948
Cash and cash equivalents at end of year	9,242,400	4,378,950

1. Cash flow from operating activities

Our net cash flows from operating activities primarily represent profit before tax adjusted for non-cash items, movements in working capital and other income and gains.

For the financial year ended 31 December 2010, the Company reported net cash flows from operating activities of RMB 186.41 million, principally comprised of profit before tax of RMB 2,799.72 million adjusted for a RMB 186.80 million impairment of trade and other receivables and a RMB 3,638.50 million increase in trade and bills payables. These cash inflows were offset by a RMB 1,442.97 million increase in inventories as a result of the increases in our raw materials and finished and semi-finished goods due to increased customer orders and a RMB 4,415.85 million increase in trade and bills receivables as a result of increased sales on which payment had yet to become due under relevant sales contracts.

For the financial year ended 31 December 2009, the Company reported net cash flows from operating activities of RMB 1,301.79 million, principally comprised of profit before tax of RMB 1,990.56 million for the year ended 31 December 2009 and a RMB 1,069.84 million increase in trade and bills payables as a result of our increased WTG sales and thus our purchase of raw materials and components. These cash flows were offset by a RMB 733.37 million increase in inventories as a result of increase in our works in progress, raw materials and finished and semi-finished goods due to our business expansion to meet the increase in our revenue from our WTG R&D, manufacturing and sales business segments and a RMB 659.03 million decrease in other payables as a result of the decrease in advances from customers.

2. Cash flow used in investment activities

The net cash flows used in investment activities has principally been used for purchases of property, plant and equipment, acquisition of subsidiaries, pledged deposits, non-pledged time deposits with original maturity of three months or more, and the acquisition of investment properties.

For the financial year ended 31 December 2010, the net cash flows used in investment activities was RMB 2,495.38 million, principally due to purchases of property, plant and equipment in the amount of RMB 2,551.90 million, a RMB 116.06 million increase in pledged deposits, offset partly by a RMB 213.04 million net inflow from the disposals of subsidiaries.

For the financial year ended 31 December 2009, the net cash flows used in investment activities was RMB 1,616.49 million principally contributed by purchases of property, plant and equipment in the amount of RMB 1,540.11 million, a RMB 218.54 million increase in pledged deposits and additions of prepaid land lease payments of RMB 95.20 million, offset partly by a RMB 304.83 million net inflow from disposals of subsidiaries…

3. Cash flow from financing activities

The Company used cash flows from financing primarily to repay our bank and other borrowings and to pay dividends to the shareholders. Our cash flows from financing activities were generally derived from new bank and other borrowing and proceeds from an issue of H shares.

For the financial year ended 31 December 2010, the Company reported net cash flows from financing activities of RMB 7,278.81 million, principally contributed by proceeds from an issue of H shares in the amount of RMB 7,038.79 million and new bank and other borrowings in the amount of RMB 3,659.29 million, offset by RMB 2,023.05 million used to repay bank and other borrowings, RMB 924.00 million in dividends paid to the owners of the Company, RMB 269.29 million in share issue expenses and RMB 152.71 in interest paid.

For the financial year ended 31 December 2009, the Company reported net cash flows from financing activities of RMB 1,405.30 million, principally comprised of new bank and other borrowings in the amount of RMB 2,249.84 million, offset partly by RMB 424.50 million used to repay bank and other borrowings and RMB 280.00 million in dividends paid to owners of the Company.

Capital expenditures

Capital expenditure for the financial year ended 31 December 2010 was RMB 3,395.01 million, an increase of 63.35% compared to RMB 2,078.34 million for the financial year ended 31 December 2009. Our primary sources of capital included the proceeds from an issue of new shares, bank loans and cash flow from operations.

IV. Risk Management

Fierce Market Competition

China has become the fastest growing wind power market in the world, attracting a large number of investors, and as a result the competition has become more and more fierce. The Group will further research and develop the WTGs with world leading technologies based on current advanced technologies, provide the best service to the customers with high-quality products and integrated wind power solutions, and improve the competiveness of the Group in the market.

Falling WTG ASP

Due to the increasing pressure of competition in the domestic market, the WTG's ASP continues to fall, and the profit margin of the Group is constantly put under pressure. The falling ASP may have an adverse effect on the stability of the gross profit margin. The Group will continue to improve cost-cutting procedures, increase the in-house production of the WTG components, and improve the efficiency of large scale production in order to offset the risks associated with falling ASP.

Slowdown of Industry Growth

The Chinese wind power industry has grown rapidly for many years. It is now experiencing a period of stability and nearing maturity, thus the growth rate has slowed down. Consequently, the opportunities within the domestic market will be limited. Therefore, the Group will actively seek to expand its international business as well as exploring further opportunities in the domestic market, and trying to maintain and gradually increase the market shares on both fronts.

Financial Risks

The Company could face a variety of financial risks while performing normal business operations, including fair value, cash flow, interest rate, foreign currency, credit and liquidity. Please refer to note 4 in the audited consolidated financial statements for details and control measures.

V. Outlook for 2011

The general outlook for the wind power industry in 2011 is forecasted to experience continued healthy growth. The Global Wind Energy Council (GWEC) forecasted that the global accumulated installed capacity will reach 533GW in 2015 and 1,071GW in 2020. Based on the above, GWEC estimated that wind power will provide 13% of the total by 2020.

The Chinese wind power market still has a significant potential for growth. According to the latest forecast, *Chinese Wind Power Industry Development and Future Trends* Research, by the Chinese Renewable Energy Association's Wind Power Committee, China's installed wind power capacity is expected to increase to 165GW under conservative estimates, and 365GW under more optimistic estimates by 2020. In 2010, wind power accounted for only 1.18% of total energy generation in China, a substantial difference from other developed countries, and therefore has significant potentials for further growth in the industry.

The competition of the domestic WTG market continued to increase, and inflation has further increased the pressure on costs for the Company. However, the Company's leading technology, reliable products, and our advanced business model have been, and will continue to be, recognized and welcomed by our customers. At the same time, policies issued by the Chinese government such as increasing the barriers to entry, minimum requirements for quality and technology, etc, will bring significant advantages to the Company's future development.

Facing the challenges and opportunities presented by the development and competition of the industry, the Company will continue to consolidate and further improve the market position of the WTG R&D, manufacturing and sales sector, while also actively develop the wind power services, wind farm investment, development for sales. The Company will integrate the key factors such as wind power technology, manufacturing, services, project development, etc, into our core competencies, in order to become a comprehensive wind power solutions provider for our clients, maximizing their added value, and become the leading wind power provider in China.

In 2011, the Group will strive towards the following targets:

1. Increase the investment in R&D, and increase the pace of product development. Continue to improve and optimize the technology for current products, and improve the overall competitiveness of our product.
   Achieve the mass production of 2.5MW DDPM WTGs, introduce the 2.5MW series WTG suitable for various operational environments, and complete the overall design for the 6MW DDPM WTG.
2. Continue to implement our integrated marketing strategy of the industry leading cost control system and differentiate competition strategy, and ensure our product's advanced performance, quality and reliability, comprehensive after-sales services, and consolidate the brand reputation of the Company in the domestic market.
3. Actively develop our business in the international market, further integrate our global business resources, perfect our global business network and labor structure, form an effective alliance between our global sales and investment, and develop the ability to provide 'comprehensive solutions' to our international clients.
4. Ensure the successful completion of our annual production target by improving operational management, effective cooperation, and operating to the full production capacity of our existing manufacturing bases. We will increase the pace of construction and the efficiency of logistics, the formation of the international logistics' capabilities and networks, thus providing the necessary support for further development. We will also ensure the performance of our cost control system, thus ensuring the Company's future sustainable development.
5. We seek to continually improve our strategic business model, which will remain focused on the WTGs business unit as we diversify to support our sustainable development. Our strategic initiatives will seek to drive innovation and greater profitability.
6. Perfect the Group's internal control system and improve the Company's corporate governancet and risk management capabilities.

COMPLICANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules from the date of the Company's H share listing to 31 December 2010。

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Board of the Company has discussed with the management of the Company on and reviewed the consolidated financial statements of the Group for the year ended 31 December 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Board has proposed to pay a final dividend of RMB0.34 per share (including tax) in cash out of the Company's retained distributable profit as at 31 December 2010. Such proposal is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company. Information regarding the record date and book close date for the entitlement to the final dividend and attendance of the annual general meeting will be announced in due course.

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

Beijing China, 25 March 2011

As at the date of this announcement, the executive directors of the Company are Mr. Wu Gang, Mr. Guo Jian and Mr. Wei Hongliang; the non-executive directors are Mr. Li Ying, Mr. Gao Zhong and Mr. Lv Houjun; and the independent non-executive directors are Mr. Wang Yousan, Mr. Shi Pengfei and Mr. Li, Man Bun, Brian David.

* *For identification purpose only*