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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 2016**

Annual Results for the year ended 31 December 2016

The Board of the Company hereby announces the audited financial results of the Group for the financial year ended 31 December 2016 (the “**Reporting Period**”) (collectively, the “**2016 Annual Results**”). The 2016 Annual Results have been audited by Ernst & Young.

** For identification purpose*

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
REVENUE	4	26,173,892	29,845,998
Cost of sales		(18,615,824)	(22,069,041)
Gross profit		7,558,068	7,776,957
Other income and gains	4	1,085,104	772,827
Selling and distribution expenses		(2,210,763)	(2,867,868)
Administrative expenses		(1,940,483)	(1,635,756)
Other expenses		(445,072)	(405,186)
Finance costs	6	(686,650)	(555,681)
Share of profits and losses of:			
Joint ventures		149,349	98,713
Associates		<u>42,403</u>	<u>62,824</u>
PROFIT BEFORE TAX	5	3,551,956	3,246,830
Income tax expense	7	(446,224)	(371,439)
PROFIT FOR THE YEAR		<u>3,105,732</u>	<u>2,875,391</u>
Profit attributable to:			
Owners of the parent		3,002,982	2,849,497
Non-controlling interests		<u>102,750</u>	<u>25,894</u>
		<u>3,105,732</u>	<u>2,875,391</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):			
Changes in fair value of available-for-sale investments, net of tax		(40,766)	(69,829)
Share of other comprehensive loss of associates		(37,616)	-
Exchange differences on translation of foreign operations		<u>167,556</u>	<u>(1,821)</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax		<u>89,174</u>	<u>(71,650)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>89,174</u>	<u>(71,650)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,194,906</u>	<u>2,803,741</u>
Total comprehensive income attributable to:			
Owners of the parent		3,092,156	2,777,847
Non-controlling interests		<u>102,750</u>	<u>25,894</u>
		<u>3,194,906</u>	<u>2,803,741</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	9	<u>1.08</u>	<u>1.05</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2016

		As at 31 December	
	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		19,478,691	17,015,112
Investment properties		70,801	73,697
Prepaid land lease payments		292,332	201,881
Goodwill		474,429	316,259
Other intangible assets		775,804	534,673
Investments in joint ventures		814,130	487,921
Investments in associates		493,832	559,279
Available-for-sale investments		1,191,325	901,121
Deferred tax assets		1,517,391	1,338,436
Held-to-maturity investments		49,995	-
Trade receivables	10	1,857,030	1,762,112
Financial receivables		2,451,312	1,867,047
Prepayments, deposits and other receivables		1,594,871	1,938,558
Derivative financial instruments		1,986	4,121
Pledged deposits	11	<u>276,618</u>	<u>285,542</u>
Total non-current assets		<u>31,340,547</u>	<u>27,285,759</u>
CURRENT ASSETS			
Inventories		3,192,280	3,037,200
Trade and bills receivables	10	16,746,456	14,526,382
Financial receivables		336,382	145,126
Prepayments, deposits and other receivables		1,977,549	1,271,563
Available-for-sale investments		750,000	-
Derivative financial instruments		25,937	-
Pledged deposits	11	740,196	158,993
Cash and cash equivalents	11	<u>7,534,171</u>	<u>6,147,378</u>
		31,302,971	25,286,642
Assets of disposal groups classified as held for sale		<u>1,793,649</u>	<u>-</u>
Total current assets		<u>33,096,620</u>	<u>25,286,642</u>
CURRENT LIABILITIES			
Trade and bills payables	12	14,472,721	14,274,618
Other payables, advance from customers and accruals		5,026,219	3,220,532
Interest-bearing bank and other borrowings		2,672,069	1,734,103
Tax payable		242,759	439,427
Provision		<u>1,599,111</u>	<u>1,290,212</u>
		24,012,879	20,958,892
Liabilities directly associated with the assets classified as held for sale		<u>650,100</u>	<u>-</u>
Total current liabilities		<u>24,662,979</u>	<u>20,958,892</u>
NET CURRENT ASSETS		<u>8,433,641</u>	<u>4,327,750</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>39,774,188</u>	<u>31,613,509</u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2016

		As at 31 December	
	Note	2016 RMB'000	2015 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>39,774,188</u>	<u>31,613,509</u>
NON-CURRENT LIABILITIES			
Trade payables	12	754,661	815,887
Other payables		109,638	97,493
Interest-bearing bank and other borrowings		15,419,038	10,760,624
Deferred tax liabilities		100,866	58,089
Provision		2,366,770	2,202,699
Government grants		304,770	270,101
Deferred revenue		<u>19,651</u>	<u>18,012</u>
Total non-current liabilities		<u>19,075,394</u>	<u>14,222,905</u>
Net assets		<u>20,698,794</u>	<u>17,390,604</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,735,541	2,735,541
Reserves		<u>17,240,611</u>	<u>14,025,905</u>
		19,976,152	16,761,446
Non-controlling interests		<u>722,642</u>	<u>629,158</u>
Total equity		<u>20,698,794</u>	<u>17,390,604</u>

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Wu Gang
Director

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Wang Haibo
Director

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2016

	Attributable to owners of the parent											
	Share capital	Capital Reserve	Special reserve	Statutory surplus reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Other equity instruments	Retained profits	Total	Non-controlling interests	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2016	2,735,541	*8,215,117	-	*816,177	*119,314	*(342,032)	-	*5,217,329	16,761,446	629,158	17,390,604	
Profit for the year	-	-	-	-	-	-	-	3,002,982	3,002,982	102,750	3,105,732	
Other comprehensive income/(loss) for the year:												
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	(40,766)	-	-	-	(40,766)	-	(40,766)	
Share of other comprehensive loss of associates	-	(37,616)	-	-	-	-	-	-	(37,616)	-	(37,616)	
Exchange differences on translation of foreign operations	-	-	-	-	-	167,556	-	-	167,556	-	167,556	
Total comprehensive income/(loss) for the year	-	(37,616)	-	-	(40,766)	167,556	-	3,002,982	3,092,156	102,750	3,194,906	
Final 2015 dividend declared	-	-	-	-	-	-	-	(1,313,060)	(1,313,060)	-	(1,313,060)	
Profit appropriation to reserves	-	-	-	278,249	-	-	-	(278,249)	-	-	-	
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(73,137)	(73,137)	
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	12,121	12,121	
Capital withdrawal of shareholders	-	(4,657)	-	-	-	-	-	-	(4,657)	-	(4,657)	
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	51,876	51,876	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(4,080)	(4,080)	
Disposal to non-controlling shareholders	-	(4,851)	-	-	-	-	-	-	(4,851)	3,954	(897)	
Transfer to special reserve	-	-	28,491	-	-	-	-	(28,491)	-	-	-	
Utilisation of special reserve	-	-	(28,491)	-	-	-	-	28,491	-	-	-	
Issuance of perpetual medium-term notes	-	-	-	-	-	-	1,495,118	-	1,495,118	-	1,495,118	
Other equity instruments' distribution	-	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)	
As at 31 December 2016	2,735,541	*8,167,993	-	*1,094,426	*78,548	*(174,476)	*1,495,118	*6,579,002	19,976,152	722,642	20,698,794	

* As at 31 December 2016, these reserve accounts comprised the consolidated other reserves of RMB17,240,611,000 (31 December 2015: RMB14,025,905,000) in the consolidated statement of financial position.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,551,956	3,246,830
Adjustments for:			
Finance costs	6	686,650	555,681
Bank interest income	4	(77,412)	(128,257)
Share of profits of joint ventures		(149,349)	(98,713)
Share of profits of associates		(42,403)	(62,824)
Depreciation	5	861,366	483,588
Amortisation of prepaid land lease payments	5	5,580	4,683
Amortisation of other intangible assets	5	57,549	56,399
Loss on disposal of items of property, plant and equipment and other intangible assets, net	5	2,386	1,688
Gain on disposal of subsidiaries	4	(51,950)	(33,958)
Gain on disposal of available-for-sale investments	4	(106,139)	(60,851)
Gain on disposal of equity investments at fair value through profit or loss	4	-	(76,802)
Dividend income from available-for-sale investments	4	(68,094)	(21,294)
Gain on disposal of an investment in an associate	4	(196,997)	-
Interests from other investments		(6,925)	(7,885)
Fair value (gains)/losses, net:			
Derivative financial instruments	5	(23,624)	930
Equity investments at fair value through profit or loss	5	-	21,535
Impairment of trade and other receivables	5	202,386	180,748
Reversal of write-down of inventories to net realisable value	5	(6,565)	(5,748)
Impairment of investments in a joint venture	5	16,050	6,362
Impairment of property, plant and equipment	5	-	26,585
Government grants and deferred revenue		(12,150)	(11,283)
		<u>4,642,315</u>	<u>4,077,414</u>
(Increase)/decrease in inventories		(122,608)	626,347
Increase in trade and bills receivables		(1,820,125)	(4,048,218)
(Increase)/decrease in financial receivables		(303,914)	145,548
(Increase)/decrease in prepayments, deposits and other receivables		(116,892)	246,461
Increase in trade and bills payables		53,171	2,617,957
Increase in other payables, advance from customers and accruals		1,012,136	218,635
Increase in provision		472,970	1,394,799
Increase in government grants and deferred revenue		<u>18,355</u>	<u>24,700</u>
Cash generated from operations		3,835,408	5,303,643
Income tax paid		(802,286)	(648,723)
Interest received		<u>69,421</u>	<u>121,208</u>
Net cash flows from operating activities		<u>3,102,543</u>	<u>4,776,128</u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(5,500,982)	(6,766,884)
Additions of prepaid land lease payments		(9,462)	(28,887)
Additions of other intangible assets		(142,163)	(668,341)
Acquisitions of subsidiaries, net of cash acquired		(263,803)	(152,194)
Purchases of interests in joint ventures		(301,500)	(101,974)
Purchases of interests in associates		(20,000)	(48,622)
Purchases of available-for-sale investments		(1,461,750)	(157,690)
Proceeds from disposal of interests in joint ventures		-	11,250
Proceeds from disposal of available-for-sale investments		262,195	164,098
Receipt of government grants		10,960	6,030
Proceeds from disposal of items of property, plant and equipment and other intangible assets		44,616	14,158
Disposal of subsidiaries, net of cash disposed of		45,262	241,805
Increase in pledged deposits		(31,215)	(20,747)
Interest received		795	-
Dividend received from available-for-sale investments		65,443	20,693
Dividend received from joint ventures and associates		131,018	150,044
Gain on disposal of equity investments at fair value through profit or loss	4	-	76,802
Proceeds from disposal of interests in associates		289,523	-
Purchases of held-to-maturity investments		(50,000)	-
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(1,761)	(1,314)
Increase in advances to a joint venture entity and an associate		(90,542)	(7,585)
Cash and cash equivalents included in assets held for sale		(7,992)	-
Cash from other investments		<u>20,230</u>	<u>24,187</u>
Net cash flows used in investing activities		<u>(7,011,128)</u>	<u>(7,245,171)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		8,709,944	7,576,252
Repayment of bank and other borrowings		(2,946,815)	(7,169,561)
Increase in amount to the non-controlling shareholders of subsidiaries		16,278	7,864
Interest paid		(667,404)	(731,265)
Acquisitions of non-controlling interests in subsidiaries		(4,080)	(40,990)
Proceeds from issue of shares, net of issue expenses and commission		-	336,311
Capital contributions from non-controlling shareholders		51,876	129,998
Dividend paid		(1,313,060)	(1,053,382)
Dividend paid to non-controlling shareholders		(73,137)	(25,039)
Proceeds from issuance of perpetual securities, net of issuance costs		1,495,118	-
Payments of corporate bonds issue expense		(22,180)	-
Net cash flows from/(used in) financing activities		<u>5,246,540</u>	<u>(969,812)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		6,141,430	9,523,826
Effect of foreign exchange rate changes, net		<u>47,078</u>	<u>56,459</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>7,526,463</u>	<u>6,141,430</u>

1. CORPORATE AND GROUP INFORMATION

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

During the year, the Group was involved in the following principal activities:

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments, derivative financial instruments and equity investments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. 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 contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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 three 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
IFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of IFRSs

Except for the amendments to IFRS 10, IFRS 12 and IAS 28, amendments to IFRS 11, IFRS 14, amendments to IAS 16 and IAS 41, amendments to IAS 27, and certain amendments included in the Annual Improvements 2012-2014 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

- a) Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
 - (i) the materiality requirements in IAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

- b) Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.
- c) *Annual Improvements to IFRSs 2012-2014 Cycle* issued in September 2014 sets out amendments to a number of IFRSs. Details of the amendments are as follows:
 - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of

disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in IFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are to be applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal groups held for sale during the year.

3. OPERATING SEGMENT INFORMATION

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

- (a) the wind turbine generator manufacturing and sale segment engages in the research and development, manufacture and sale of wind turbine generators and wind power components;
- (b) the wind power services segment provides wind power related consultancy, wind farm construction and maintenance services;
- (c) the wind farm development segment engages in the development of wind farms, which consists of wind power generation service provided by the Group's wind farms as well as the sale of wind farms, if appropriate; and
- (d) the others segment mainly engages in the operation of water treatment plants under the service concession arrangement and finance leasing services, which as comprised of direct finance leasing and sale-lease back.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about 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 before tax.

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

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
NOTES TO FINANCIAL STATEMENTS
31 December 2016

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2016

	Wind turbine generator manufacturing and sale	Wind power services	Wind farm development	Others	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	22,264,112	1,245,537	2,414,248	249,995	-	26,173,892
Intersegment sales	<u>3,798,971</u>	<u>370,746</u>	<u>-</u>	<u>6,259</u>	<u>(4,175,976)</u>	<u>-</u>
Total revenue	26,063,083	1,616,283	2,414,248	256,254	(4,175,976)	26,173,892
Segment results						
Interest income	2,697,206	79,287	1,198,146	540,123	(353,568)	4,161,194
Finance costs	276,930	1,757	204,759	19,158	(425,192)	77,412
	<u>(185,498)</u>	<u>-</u>	<u>(808,141)</u>	<u>(11,655)</u>	<u>318,644</u>	<u>(686,650)</u>
Profit before tax	<u>2,788,638</u>	<u>81,044</u>	<u>594,764</u>	<u>547,626</u>	<u>(460,116)</u>	<u>3,551,956</u>
Segment assets	<u>48,080,216</u>	<u>2,704,230</u>	<u>31,715,355</u>	<u>5,712,495</u>	<u>(23,775,129)</u>	<u>64,437,167</u>
Segment liabilities	<u>27,742,645</u>	<u>1,366,314</u>	<u>22,338,464</u>	<u>2,683,221</u>	<u>(10,392,271)</u>	<u>43,738,373</u>
Other segment information:						
Share of profits and losses of:						
Joint ventures	-	-	150,075	(726)	-	149,349
Associates	7,173	(239)	7,857	27,612	-	42,403
Depreciation and amortisation	169,018	6,343	820,956	14,048	(85,870)	924,495
Impairment of write-down of inventories	18,297	-	-	-	-	18,297
Reversal of write-down of inventories	(4,671)	-	-	-	(20,191)	(24,862)
Reversal of impairment of trade and other receivables	(156,459)	-	-	(169)	-	(156,628)
Impairment of trade and other receivables	330,015	5,281	23,025	693	-	359,014
Impairment of an investment in a joint venture	-	-	16,050	-	-	16,050
Product warranty provision	1,505,116	-	-	-	(156,687)	1,348,429
Investments in joint ventures	852	-	599,498	337,524	(123,744)	814,130
Investments in associates	82,480	9,428	280,874	179,804	(58,754)	493,832
Capital expenditure ⁽¹⁾	438,169	13,516	5,554,222	192,489	(637,977)	5,560,419

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3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2015

	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:						
Sales to external customers	26,858,326	1,281,972	1,552,876	152,824	-	29,845,998
Intersegment sales	<u>5,051,656</u>	<u>400,344</u>	<u>-</u>	<u>5,379</u>	<u>(5,457,379)</u>	<u>-</u>
Total revenue	31,909,982	1,682,316	1,552,876	158,203	(5,457,379)	29,845,998
Segment results	3,337,918	2,860	731,137	245,907	(643,568)	3,674,254
Interest income	209,707	184	17,794	9,031	(108,459)	128,257
Finance costs	<u>(105,493)</u>	<u>-</u>	<u>(459,869)</u>	<u>(5,946)</u>	<u>15,627</u>	<u>(555,681)</u>
Profit before tax	<u>3,442,132</u>	<u>3,044</u>	<u>289,062</u>	<u>248,992</u>	<u>(736,400)</u>	<u>3,246,830</u>
Segment assets	<u>43,801,389</u>	<u>1,982,112</u>	<u>27,031,906</u>	<u>4,733,798</u>	<u>(24,976,804)</u>	<u>52,572,401</u>
Segment liabilities	<u>26,417,915</u>	<u>755,775</u>	<u>19,276,557</u>	<u>2,159,882</u>	<u>(13,428,332)</u>	<u>35,181,797</u>
Other segment information:						
Share of profits and losses of:						
Joint ventures	-	-	95,713	3,000	-	98,713
Associates	4,384	1,485	6,326	50,629	-	62,824
Depreciation and amortisation	141,220	6,532	441,298	7,005	(51,385)	544,670
Reversal of write-down of inventories	(5,748)	-	-	-	-	(5,748)
Impairment of trade and other receivables	277,825	12,728	25,226	169	(13,809)	302,139
Reversal of impairment of trade and other receivables	(93,902)	(23,034)	(4,455)	-	-	(121,391)
Impairment of property, plant and equipment	-	-	26,585	-	-	26,585
Impairment of an investment in a joint venture	6,362	-	-	-	-	6,362
Product warranty provision	2,109,552	-	-	-	(130,928)	1,978,624
Investments in joint ventures	827	-	513,706	36,750	(63,362)	487,921
Investments in associates	76,507	14,584	211,318	258,697	(1,827)	559,279
Capital expenditure ⁽¹⁾	338,108	17,612	7,614,728	279,801	(989,439)	7,260,810

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Mainland China	23,964,654	27,387,985
Overseas	<u>2,209,238</u>	<u>2,458,013</u>
	<u>26,173,892</u>	<u>29,845,998</u>

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

(b) Non-current assets

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Mainland China	21,836,370	19,404,192
United States of America	531,583	311,777
Germany	451,801	443,182
Panama	741,942	731,629
Australia and Others	<u>301,574</u>	<u>104,980</u>
	<u>23,863,270</u>	<u>20,995,760</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

For the year ended 31 December 2016, revenue of approximately RMB2,796,276,000 (for the year ended 31 December 2015: RMB3,697,341,000) was derived from sales by Wind turbine generator manufacturing and sale segment to a single customer, which individually accounting for over 10% of the Group's total revenue, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
<u>Revenue</u>		
Sale of wind turbine generators and wind power components	22,264,112	26,858,326
Wind power services	1,245,537	1,281,972
Wind power generation	2,414,248	1,552,876
Others	<u>249,995</u>	<u>152,824</u>
	<u>26,173,892</u>	<u>29,845,998</u>
<u>Other income and gains</u>		
Bank interest income	77,412	128,257
Dividend income from available-for-sale investments	68,094	21,294
Gross rental income	11,707	19,235
Government grants	154,785	110,681
Value-added tax refund	122,772	109,349
Insurance compensation on product warranty expenditures	177,977	110,802
Provision of technical service	4,688	4,387
Gain on bargain purchase	-	683
Cash discounts	1,857	44,429
Gain on disposal of subsidiaries, including wind farm project companies	51,950	33,958
Gain on disposal of equity investment at fair value through profit or loss	-	76,802
Gain on disposal of available-for-sale investments	106,139	60,851
Gain on disposal of items of property, plant and equipment and other intangible assets	739	1,763
Gain on disposal of investments in associates, net	196,997	-
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	23,624	-
Others	<u>86,363</u>	<u>50,336</u>
	<u>1,085,104</u>	<u>772,827</u>

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5. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December	
		2016	2015
		RMB'000	RMB'000
Cost of inventories sold		16,588,513	20,332,006
Cost of services provided		1,044,511	1,136,552
Cost of wind power generation		911,388	583,089
Cost of others		<u>71,412</u>	<u>17,394</u>
		<u>18,615,824</u>	<u>22,069,041</u>
Depreciation (note (a)) provided for:			
Property, plant and equipment		858,470	480,692
Investment properties		<u>2,896</u>	<u>2,896</u>
		<u>861,366</u>	<u>483,588</u>
Amortisation of prepaid land lease payments (note (b))		5,580	4,683
Amortisation of other intangible assets (note (b))		<u>57,549</u>	<u>56,399</u>
		<u>63,129</u>	<u>61,082</u>
Impairment of trade receivables	10	353,094	271,208
Reversal of impairment of trade receivables	10	(<u>140,977</u>)	(<u>121,391</u>)
		<u>212,117</u>	<u>149,817</u>
Impairment of deposits and other receivables		5,920	30,931
Reversal of impairment of deposits and other receivables		(<u>15,651</u>)	-
		(<u>9,731</u>)	<u>30,931</u>
Impairment of property, plant and equipment		-	26,585
Impairment of an investment in a joint venture		16,050	6,362
Impairment of write-down of inventories to net realisable value		18,297	-
Reversal of write-down of inventories to net realisable value		(<u>24,862</u>)	(<u>5,748</u>)
		(<u>6,565</u>)	(<u>5,748</u>)
Loss on disposal of items of property, plant and equipment and other intangible assets, net		2,386	1,688
Lease expenses under operating leases of land and buildings (note (c))		31,535	20,700
Auditor's remuneration		7,421	7,399
Employee benefit expenses (note (d)) (including directors' and supervisors' remuneration):			
Wages and salaries		1,200,620	1,177,880
Pension scheme contributions (defined contribution scheme) (note (e))		112,128	69,723
Welfare and other expenses		<u>191,701</u>	<u>197,051</u>
		<u>1,504,449</u>	<u>1,444,654</u>

5. PROFIT BEFORE TAX (continued)

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Research and development costs:		
Staff costs	405,364	309,596
Amortisation and depreciation	27,765	25,374
Materials expenditure and others	<u>317,834</u>	<u>283,315</u>
	<u>750,963</u>	<u>618,285</u>
Government grants (note (f))	(154,785)	(110,681)
Value-added tax refund	(122,772)	(109,349)
Product warranty provision:		
Additional provision	1,556,632	2,109,550
Reversal of unutilised provision	(208,203)	(130,926)
	<u>1,348,429</u>	<u>1,978,624</u>
Insurance compensation on product warranty expenditures	(177,977)	(110,802)
Foreign exchange differences, net	113,435	90,271
Cash discounts	(1,857)	(44,429)
Fair value (gains)/losses, net:		
Derivative instruments – transactions not qualifying as hedges	(23,624)	930
Equity investments at fair value through profit or loss	-	21,535
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	2,757	146
Dividend income from available-for-sale investments	(68,094)	(21,294)
Bank interest income	(77,412)	(128,257)
Gain on disposal of subsidiaries, including wind farm project companies	(51,950)	(33,958)
Gain on disposal of available-for-sale investments	(106,139)	(60,851)
Gain on disposal of investments in associates	(196,997)	-
Gain on disposal of an equity investment at fair value through profit or loss	-	(76,802)
Gain on bargain purchase	<u>-</u>	<u>(683)</u>

Notes:

- (a) Depreciation of approximately RMB787,773,000 is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 (for the year ended 31 December 2015: RMB420,111,000).
- (b) Amortisation of prepaid land lease payments and other intangible assets approximately RMB41,808,000 is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 (for the year ended 31 December 2015: RMB46,582,000).
- (c) Lease expenses under operating leases of land and buildings approximately RMB8,804,000 is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 (for the year ended 31 December 2015: RMB9,063,000).
- (d) Employee benefit expenses approximately RMB152,099,000 is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 (for the year ended 31 December 2015: RMB186,812,000).

5. PROFIT BEFORE TAX (continued)

- (e) As at 31 December 2016, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (31 December 2015: Nil).
- (f) Most government grants have been received for setting up research activities. The government grants received have been deducted from the research and development costs to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in government grants as deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Interest on bank loans and other borrowings	717,723	645,581
Less: Interest capitalised	(31,073)	(89,900)
	<u>686,650</u>	<u>555,681</u>

7. INCOME TAX EXPENSE

The Company and four subsidiaries of the Company have been identified as “high and new technology enterprise” and are entitled to a preferential income tax at a rate of 15% for the year ended 31 December 2016 and 2015 in accordance with the PRC Corporate Income Tax Law.

The Company's certain subsidiaries in Mainland China 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 important public infrastructure investment projects that were supported by the government and development projects in the western region of the PRC.

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

Profits tax for Hong Kong has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong 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	
	2016	2015
	RMB'000	RMB'000
Current		
- Hong Kong	15,196	34,484
- Mainland China	583,417	792,268
- Elsewhere	<u>5,170</u>	<u>22,762</u>
	603,783	849,514
Deferred	<u>(157,559)</u>	<u>(478,075)</u>
Tax charge for the year	<u>446,224</u>	<u>371,439</u>

7. INCOME TAX EXPENSE (continued)

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit before tax	3,551,956	3,246,830
Tax at the statutory tax rate of 25%	887,989	811,708
Effect of different income tax rates for overseas entities	(7,477)	(13,044)
Effect of the preferential income tax rates for domestic entities	(328,921)	(370,323)
Tax losses not recognised	17,456	40,871
Income not subject to tax	(14,099)	(5,792)
Expenses not deductible for tax	26,229	7,915
Additional tax deduction for research and development expenditure	(96,254)	(70,768)
Profits and losses attributable to joint ventures	(37,337)	(24,678)
Profits and losses attributable to associates	(10,601)	(15,706)
Others	<u>9,239</u>	<u>11,256</u>
Tax charge for the year at the effective rate of 12.6% (2015: 11.4%)	<u>446,224</u>	<u>371,439</u>

8. DIVIDENDS

For the year ended 31 December 2016, the Company proposed to distribute cash dividends of RMB2.00 (tax included) and stock dividends 3 shares (tax included) per each 10 shares with total amount of RMB1,367,771,000 to the shareholders. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

For the year ended 31 December 2015, the Company proposed to distribute cash dividends of RMB4.80 (tax included) with total amount of RMB1,313,060,000 to the shareholders.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,735,541,000 (2015: 2,708,239,000) in issue during the year, as adjusted to reflect the rights issue during the year.

For those financial instruments classified as equity, if the distributions are cumulative, the undeclared amount 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 shareholders.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit attributable to owners of the Company	3,002,982	2,849,497
Less: distribution relating to the medium-term notes (i)	(37,439)	-
Profit used to determine basic and diluted earnings per share	<u>2,965,543</u>	<u>2,849,497</u>
Weighted average number of ordinary shares in issue	<u>2,735,541</u>	<u>2,708,239</u>
Basic and diluted earnings per shares	<u>1.08</u>	<u>1.05</u>

- (i) The long-term option-embedded medium-term notes (the "Perpetual Medium-term Notes") issued by the Company in May 2016 and September 2016 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The Perpetual Medium-term Notes interests which have been generated but not yet declared, from issue date to 31 December 2016, were deducted from earnings when calculate the earnings per share for the year ended 31 December 2016.

10. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trade receivables	13,613,120	12,616,284
Bills receivable	2,198,844	992,349
Retention money receivables	3,599,536	3,285,247
Provision for impairment	(808,014)	(605,386)
	18,603,486	16,288,494
Portion classified as non-current assets (i)	(1,857,030)	(1,762,112)
Current portion	<u>16,746,456</u>	<u>14,526,382</u>

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

(i) The non-current portion of trade receivables mainly represented the amount of receivables for retentions held by customers at 31 December 2016 and 2015.

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

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within 3 months	6,200,020	6,533,005
3 to 6 months	1,966,881	2,484,547
6 months to 1 year	2,747,218	2,044,802
1 to 2 years	4,674,265	3,211,365
2 to 3 years	1,500,497	932,819
Over 3 years	<u>1,514,605</u>	<u>1,081,956</u>
	<u>18,603,486</u>	<u>16,288,494</u>

10. TRADE AND BILLS RECEIVABLES (continued)

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
At beginning of year	605,386	463,984
Impairment losses recognised (note 5)	353,094	271,208
Impairment losses reversed (note 5)	(140,977)	(121,391)
Amounts written off as uncollectible	(11,700)	(6,325)
Exchange realignment	<u>2,211</u>	<u>(2,090)</u>
At end of year	<u>808,014</u>	<u>605,386</u>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB186,381,000 (31 December 2015: RMB154,147,000) with a carrying amount before provision of RMB273,019,000 (31 December 2015: RMB320,957,000).

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

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

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Neither past due nor impaired	8,810,463	9,326,167
Less than 6 months past due	<u>4,413,572</u>	<u>3,867,003</u>
	<u>13,224,035</u>	<u>13,193,170</u>

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

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
A shareholder holding a 13.74% interest in the Company	504	1,712
Joint ventures	36,130	23,280
Associates	<u>284,040</u>	<u>49,168</u>
	<u>320,674</u>	<u>74,160</u>

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

10. TRADE AND BILLS RECEIVABLES (continued)

The weighted average effective interest rate on non-current trade receivables is as follows:

	Year ended 31 December	
	2016	2015
Effective interest rate	<u>4.80%</u>	<u>5.80%</u>

The weighted average effective interest rate is determined by reference to the prevailing commercial bank borrowing interest rates for unsecured bank loans with similar maturity.

The carrying balances of the current trade and bills receivables approximate to their fair values. In addition, as the non-current trade receivables have been discounted based on the effective interest rate, the carrying amounts of the non-current trade receivables approximate to their fair values.

As at 31 December 2016, the Group's trade receivables, amounting to RMB986,173,000 (31 December 2015: RMB1,125,464,000), were pledged to secure certain of the Group's bank loans.

As at 31 December 2016, bills receivable amounting to RMB338,343,000 were pledged to bank loans (31 December 2015: RMB333,210,000) and no bill receivable (31 December 2015: RMB90,000,000) was pledged to secure the Group's bank acceptance bills.

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Cash and bank balances	5,848,561	3,923,586
Time deposits	<u>2,702,424</u>	<u>2,668,327</u>
	8,550,985	6,591,913
Less: Pledged time deposits:		
- Bank loans	(136,915)	(118,496)
- Letters of credit	(12,102)	(820)
- Guarantee issued	(590,148)	(39,677)
- Provision for risk	(276,618)	(285,542)
- Others	(<u>1,031</u>)	<u>-</u>
	(1,016,814)	(444,535)
Cash and cash equivalents in the consolidated statement of financial position	7,534,171	6,147,378
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(<u>7,708</u>)	(<u>5,948</u>)
Cash and cash equivalents in the consolidated statement of cash flows	<u>7,526,463</u>	<u>6,141,430</u>
Pledged deposits	1,016,814	444,535
Portion classified as non-current assets	(<u>276,618</u>)	(<u>285,542</u>)
Current portion	<u>740,196</u>	<u>158,993</u>
Cash and cash equivalents and pledged deposits denominated in:		
- RMB	6,271,906	5,437,604
- United States dollar	1,766,550	597,601
- Euro	313,817	316,343
- Hong Kong dollar	48,465	65,836
- Australian dollar	136,453	172,802
- Other currencies	<u>13,794</u>	<u>1,727</u>
	<u>8,550,985</u>	<u>6,591,913</u>

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 three months 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.

12. TRADE AND BILLS PAYABLES

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trade payables	10,348,261	10,263,687
Bills payable	<u>4,879,121</u>	<u>4,826,818</u>
	15,227,382	15,090,505
Portion classified as non-current liabilities (i)	(<u>754,661</u>)	(<u>815,887</u>)
Current portion	<u>14,472,721</u>	<u>14,274,618</u>

(i) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 31 December 2016 and 2015.

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

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	
	2016	2015
	RMB'000	RMB'000
Within 3 months	10,382,690	10,371,358
3 to 6 months	2,351,574	2,983,146
6 months to 1 year	799,971	471,717
1 to 2 years	913,097	709,267
2 to 3 years	370,553	206,391
Over 3 years	<u>409,497</u>	<u>348,626</u>
	<u>15,227,382</u>	<u>15,090,505</u>

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

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Associates	<u>1,191,540</u>	<u>2,019,579</u>

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

The weighted average effective interest rate on non-current trade payables is as follows:

	Year ended 31 December	
	2016	2015
Effective interest rate	<u>5.23%</u>	<u>5.36%</u>

The weighted average effective interest rate is determined by reference to prevailing commercial bank borrowing interest rates for unsecured bank loans with similar maturity.

Management Discussion and Analysis

During 2016, the world economy was in a state of recovery: steady growth rates for developed economies, globalization, and geopolitics all faced difficult challenges. Emerging markets and developing economies as a whole grew steadily, becoming the driving strength of the world's growth. According to statistics from the International Monetary Fund (IMF), the world's economic growth rate in 2016 was 3.1%; whereas China's economic growth rate was 6.7%, ranking first in the world.

China's Thirteenth Five-Year Plan was off to a good start in 2016. The government insisted on maintaining a stable tone while making progress in work, implementing supply-side structural reforms as its main line, moderately expanding aggregate demand, firmly pushing forward reforms, and carefully dealing with challenges. The national economy was stable whilst improving; according to statistics released by the National Bureau of Statistics, China's 2016 GDP growth rate was 6.7%, remaining within a reasonable range.

According to the latest statistics from the Global Wind Energy Council, worldwide newly installed wind power capacity was 54.6 GW in 2016, and worldwide accumulated capacity was 486.7 GW, of which China ranked first, accounting for 42.7% of newly installed capacity. USA and Germany rank second and third respectively, who accounted for 15% and 10% of worldwide newly installed capacity, respectively.

According to statistics from the China Electric Power Association and the NEA, nationwide electricity consumption for 2016 was 5.92 trillion kWh, representing an increase of 5% YoY; national total energy capacity was 1650 GW, representing an increase of 8.2% YoY; nationwide connected wind power capacity was 150 GW, representing an increase of 13.2% YoY; on-grid wind power transmission hours was 241 billion kWh, representing an increase of 30.1% YoY.

I. INDUSTRY REVIEW

In order to realize China's medium-term target of having primary energy consumption of non-fossil fuels representing 15% of its total energy consumption by 2020 and 20% by 2030, the PRC has steadily promoted the development of renewable energy in its Thirteenth Five-Year Plan. It has introduced policies that support consumption, installation planning, and trading mechanisms amongst other aspects of focus.

i. Policy Review

1. Encourage Renewable Energy Consumption

On 29 February 2016, the NEA published the "Guidelines for Establishment of the Institution of Development and Utilization of Renewable Energy" (《關於建立可再生能源開發利用目標引導制度的指導意見》). This document formulates that non-hydro renewable electricity for every province (including regional and municipal districts) should account for 9% of the total electricity consumption by 2020. Non-hydro renewable electricity generation, apart from specialized non-fossil fuel production enterprises, should reach 9% of total energy generation by 2020. The NEA also established its first official renewable electricity green certificates trading scheme, providing flexibility for those trying to complete the requirements for this 9% objective.

On 22 April 2016 the NEA published the "Notice and Suggestion Regarding the Relevant Requirements of Institution of Portfolio Standard between Coal Burning Thermal Power Units and Non-hydro Renewable Energy" (《關於徵求建立燃煤火電機組非水可再生能源發電配額考核制度有關要求通知意見的函》). This document covers the establishment of a mechanism for coal burning enterprises to undertake non-hydro renewable energy generation. By 2020, it is expected that the proportion of non-hydro renewable energy from coal burning enterprises should reach at least 15%. Coal burning enterprises can meet the aforementioned target by purchasing renewable electricity green certificates or through the construction of their own projects.

On 24 March 2016, the NDRC issued the "Management Measures for the Full Purchase of Renewable Energy" (《可再生能源發電全額保障性收購管理辦法》) which proposed to set a quota for annual minimum power utilization hours in wind curtailment regions. For any wind power output above the minimum hours, wind farm operators are encouraged to trade that power in the market. In the areas

without wind curtailment, renewable energy will be available for purchase. If renewable energy does not reach the minimum utilization hours due to thermal power's excessive utilization, such thermal power companies shall compensate renewable energy companies for the unutilized part of the minimum utilization hours.

On 27 May 2016, the NDRC and the NEA jointly published the "Notice Related to Full Purchase of Wind and Solar Power" (《關於做好風電、光伏發電全額保障性收購管理工作的通知》). The document sets the minimum utilization hours of wind power, which varied from 1,800 to 2,000 hours in various local provinces of the Three-North region. The minimum utilization hours is the lowest purchasing goal. Higher objectives are encouraged to be set and carried out in various relevant provinces (including regional and municipal districts).

On 3 February 2017, the NDRC, the Ministry of Finance, and the NEA jointly issued the "Notice on Trial Implementation of Renewable Energy Green Power Certificate Issuance and Voluntary Subscription Trading System (《關於試行可再生能源綠色電力證書核發及自願認購交易制度的通知》)". The trial of the voluntary subscription system of renewable energy green power certificates will be conducted nationwide, including certificates for onshore wind power and solar power (excluding distributed solar power). According to the notice, the voluntary subscription system will begin on 1 July 2017 and quota assessments of green energy and mandatory license transactions will begin in 2018.

2. Wind Power in the Thirteenth Five-Year Plan

On 29 November 2016, the NEA issued the "Wind Power Development in the Thirteenth Five-Year Plan" (《風電發展“十三五”規劃》). The document clearly states that it will accelerate development of wind power in mid-eastern and southern regions, order the construction of large wind power bases in the Three-North region, actively and steadily promote offshore wind power development, and effectively improve the consumption capacity of wind power. By the end of 2020, the cumulative installed capacity of wind power connected to the grid should reach at least 210 GW, of which offshore wind power installed capacity connected to the grid should be at least 5 GW and offshore wind power capacity under construction should be at least 10 GW. In 2020, wind power annual generating capacity should reach 420 billion kWh, representing about 6% of China's total generating capacity. The document also proposes that during the Thirteenth Five-Year Plan, China's facility manufacturing abilities and R&D capabilities will be constantly improving, that three to five equipment manufacturing companies will reach international standards, and that the international market share will improve significantly.

On 11 January 2017, the NDRC issued the "Development in the Western Region in the Thirteenth Five-Year Plan" (《西部大開發“十三五”規劃》) which focused on development of wind power equipment production bases in Urumqi, Hami, Jiuquan, Chengdu, and etc. The document also promotes Liangshan, Jinsha River, and Yalong River as complementary wind, solar, and hydro power demonstration bases. Lastly, it promotes the development of 2.5 MW class and above wind turbines, the expansion of the wind power base in higher wind speed areas (focusing construction mainly in the four following areas: Xinjiang, Jiuquan, as well as eastern and western Inner Mongolia), and the construction of a delivery passageway.

On 15 April 2016, the NEA issued the "Reply Letter on the Third-Phase Construction Plan for the wind power base in Zhangjiakou" (《關於張家口風電基地三期規劃建設有關事項的復函》). The document focuses on increasing the supply of clean energy in the Beijing, Tianjin and Hebei region and decreasing air pollution by approving the planned construction of a wind power project base with total capacity of 6.83 GW, requiring two batches of project approval: the first batch guaranteed on-grid wind power generation before end of 2018 will total 4.23 GW, and the second batch guaranteed on-grid wind power generation after end of 2018 will total 2.6 GW.

On 29 December 2016, the NEA and the State Oceanic Administration issued the "Offshore Wind Power Development and Construction Management Measures" (《海上風電開發建設管理辦法》) which states that the NEA and the State Oceanic Administration will work together on offshore wind power development planning and management. Energy officials at the provincial level and below will follow relevant laws and regulations when approving offshore wind power projects. This policy further

improves the management system of offshore wind power, the regulation of offshore wind power development and its construction order.

3. Encourage Rational Investment in Construction

On 28 December 2016, the NDRC issued the “Notice on Adjusting the Tariff Price of On-grid Wind Power Benchmarking for Photovoltaic Power Generation” (《關於調整光伏發電陸上風電標杆上網電價的通知》) which reduces the newly installed onshore wind power feed-in tariff after 1 January 2018; first class to fourth class zones were adjusted to 0.40 RMB/ kWh, 0.45 RMB/ kWh, 0.49 RMB/ kWh and 0.57 RMB/ kWh respectively, representing a decrease of seven cents, five cents, five cents and three cents respectively, from the last tariff. After 2018, there is no change to offshore wind power feed-in tariffs, offshore wind power was 0.85 RMB/ kWh and intertidal was 0.75 RMB/ kWh; at the same time, the NDRC is encouraging the adoption of market-oriented bidding and other ways to determine the price of new energy. This policy will guide the rational investment in wind power and promote the healthy development of the wind power industry.

On 18 July 2016, the NEA published the “Notice Related to the Establishment of a Wind Power Construction Monitoring and Warning Mechanism” (《國家能源局關於建立監測預警機制促進風電產業持續健康發展的通知》). This document established a wind power investment early warning mechanism to guide regional investment towards wind power development. A red warning indicates that there is an investment risk, urges the cautious construction of relevant wind farm projects in affected areas, and disallows grid enterprises from dealing with connection procedures. An orange warning, in principle, generally results in the relevant regions not being able to authorize newly approved capacity. A green warning is normal and allows the regions to continue reasonable development, investment and construction.

On 17 February 2017 the NEA published the “Notice on the Results of Monitoring and Early Warning Mechanism of Wind Power Investment in 2017” (《關於發佈2017年度風電投資檢測預警結果的通知》). Its monitoring results show that: Inner Mongolia, Heilongjiang, Jilin, Ningxia, Gansu, and Xinjiang (including Xinjiang Production and Construction Corps) have all received red warnings for 2017.

4. Ways to Explore Market-Oriented Consumption

On 13 July 2016, the NDRC and NEA published the “Notice on the Plan of Orderly Liberalization of Power Generation and Utilization (Draft for Comments)” (《關於有序放開發用電計劃工作的通知(徵求意見稿)》) which encouraged those that surpass the minimum utilization hours to participate in the renewable electricity green certificates trading scheme. This act will lower the marginal cost of renewable energy through market competition and promote renewable energy sources.

On 13 October 2016 the NEA published the “Inter-regional Renewable Energy Incremental Spot Trading Rules (Draft for Comments)” (《跨區域省間可再生能源增量現貨交易規則(徵求意見稿)》), which defines incremental spot trading as cross-regional transmission channels, where a buyer can find a seller (renewable energy power generation enterprises) through an inter-regional provincial spot trading system. This policy provides a practical market approach to increase the proportion of new energy consumption.

On 8 October 2016 the NEA and NDRC published the “Administrative Measures for the Entry and Exit of Electricity Sales Companies” (《售電公司准入與退出管理辦法》) and the “Orderly Release of Distribution Network Service Management Approaches” (《有序放開配電網業務管理辦法》). The documents detail the conditions for entrance and exit of distribution companies and distribution services, promote the reform of the electricity market, and benefit more renewable energy power generation enterprises through the development of market-oriented electricity sales business to achieve more renewable energy power generation and consumption.

ii . Industry Developments

1. Steady Development of the Wind Power Industry

In 2016, China's wind power industry maintained stable development. According to preliminary statistics from the CWEA, newly installed wind power totaled 23.37 GW. The NEA's data shows that as of the end of 2016, total domestic connected wind power generating capacity was 149 million GW, accounting for 9% of total electricity generating capacity in China. China generated 241 billion kWh in 2016, accounting for 4% of total electricity. The national average wind utilization hours totaled 1,742 hours, representing an increase of 14 hours YoY.

2. Promoting Installation in Low Wind Speed Regions

In 2016, the area of China's newly installed wind power continued to shift towards low wind speed regions. According to data from the CWEA, newly installed capacity continues to improve in eastern China, south-central China, and other low wind speed regions. Compared with 2015, the proportion of newly installed capacity in eastern China rose from 13% to 20%, the proportion of newly installed capacity in south-central China rose from 9% to 13%, and the proportion of newly installed capacity south-western China remained unchanged. Both the proportion of newly installed capacity in the northwest and northeast regions were reduced with the proportion of newly installed capacity in northwestern China falling from 38% to 26% and the proportion of newly installed capacity in northeastern China falling from 6% to 3%.

3. Accelerating the Development of Offshore Wind Power

According to data from the CWEA, China installed 154 offshore wind power units in 2016, with an installed capacity of 590 MW, surpassing any year in the Twelfth Five-Year Plan period, representing an increase of 64% YoY, all of which are a testament to China's accelerated development in offshore wind power. As at the end of 2016, China's offshore wind total installed capacity reached 1.63 GW. According to statistics from the Global Wind Energy Council, global offshore wind power installed capacity in 2016 was 2.22 GW and total capacity was 14.38 GW. China's newly installed capacity in 2016 surpassed Denmark and was amongst the world's top three installers of offshore wind power.

4. Wind Curtailment Seasonal Improvement

In 2016, China's wind curtailment situation saw seasonal improvement and regional concentration. Due to a significant increase in newly connected grid capacity in the Three-North region by the end of 2015, there was relatively serious wind curtailment in the first quarter of 2016 with the nationwide wind curtailment rate reaching 26%. After strengthening the grid's dispatching ability and the implementation of relevant compensatory purchasing policies, wind curtailment continued to improve in Gansu, Xinjiang, Ningxia and Jilin amongst other places; the nationwide wind curtailment rate fell to 12% in the fourth quarter of 2016. The 2016 annual utilization hours of wind power was 1,742 hours, representing an increase of 14 hours YoY. According to statistics from 33 provinces, 19 provinces had an increase in the annual utilization hours of wind power. In 2016, 91% of wind curtailment was in the Three-North region, with the northwest region accounting for 52%, Inner Mongolia accounting for 25%, and the northeast region accounting for 14%; the aforementioned areas account for 56% of total domestic connected wind power capacity.

II. BUSINESS REVIEW

After the rush orders of 2015, the wind power industry's growth rate as a whole was like the calm after a storm: stable yet reduced in volume. Although the Group's sales revenue and installed capacity decreased in 2016, due to the Group's forward-looking strategy, its diversified profit model, continuous improvement of R&D capabilities and product performance, lean management and a continuous optimization of capital structure ensured that the Group's profitability continued to improve and market share continued to expand during the Reporting Period. The Group's WTG performance, products and services were further recognized by the market; market share increased 1.9 percentage points YoY to 27.1% and the backlog had steady growth.

For the financial year ended 31 December 2016, the Group's operating revenue was RMB 26,173.89 million, representing a decrease of 12.30% YoY. Net profit attributable to the parent company was RMB 3,002.98 million, representing an increase of 5.39% YoY.

i. WTG R&D, Manufacturing and Sales

According to statistics from the CWEA, Goldwind installed more than 6.34 GW of newly installed capacity in China, capturing a market share of 27.1% and making the Company the largest WTG manufacturer in China for the sixth consecutive year. According to Bloomberg New Energy Finance's 2016 Global Wind Turbine Manufacturers Market Share Report, Goldwind ranked number three in the world for wind power market share.

As of the end of the Reporting Period, the Group's accumulated installed capacity exceeded 38 GW worldwide, comprising of over 37 GW and 25,258 units in China and over 1 GW and 604 units overseas.

1. Product Manufacturing and Sales

During the Reporting Period, the Group's revenue from the sales of WTGs and components was RMB 22,264.11 million, representing a decrease of 17.11% YoY. The gross profit rate was 25.49%, representing an increase of 1.19 percentage points YoY. The Group realized external sales of 5,883 MW, a decrease of 16.57% YoY, among which sales volume of 2.0 MW WTG markedly increased to 37.63% of the total sales from 17.50% in 2015. In addition, benefitting from a cost reduction by a variety of measures, the gross profit rate of the 1.5MW, 2.0MW, and 2.5MW WTG increased by 0.84 percentage point, 4.44 percentage points, and 1.65 percentage points respectively.

The following table provides the details of our WTG sales volumes in 2016 and 2015:

Model	2016		2015		Change in Capacity Sold
	Unit Sold	Capacity Sold (MW)	Unit Sold	Capacity Sold (MW)	
3.0MW	27	81.00	11	33.00	145.45%
2.5MW	498	1,245.00	645	1,612.50	-22.79%
2.0MW	1,107	2,214.00	617	1,234.00	79.42%
1.5MW	1,562	2,343.00	2,774	4,161.00	-43.69%
750KW	0	0	14	10.50	-100%
Total	3,194	5,883.00	4,061	7,051.00	-16.57%

During the Reporting Period, Goldwind had a steady increase in orders of WTGs. At the end of the Reporting Period, Goldwind's backlog of orders under contract totaled 7,840.9 MW, including 6 MW of 750KW units, 1,762.5 MW of 1.5MW units, 3,362 MW of 2.0MW units, 198 MW of 2.2MW units, 2,460 MW of 2.5MW units, 39 MW of 3.0MW units, and 13.4 MW of 6.7 MW. Furthermore, there were 6,335.2 MW of additional orders awaiting contract, including 493.5 MW of 1.5MW units, 4,262 MW of 2.0MW units, 24.2 MW of 2.2 MW units, 1,357.5 MW of 2.5MW units, and 198 MW of 3.0 MW units. In total, Goldwind had 14,176.1 MW of combined backlog orders, including 917 MW of overseas orders.

2. R&D and Certification

The Group has set up seven R&D centers across the world, employing over 2000 foreign and domestic technical personnel and providing a solid foundation for customer value maximization through the continual improvement of R&D capabilities. Goldwind emphasized the importance of meeting market and customer demands and strengthened its product competitiveness by continually enriching its product lines through new product development, product optimization, consolidating and strengthening the Company's technical advantages, key technology applications in various fields and hardware and software optimization.

(1) Product R&D

In order to achieve the Group's "sales generation, development generation, reserve generation" product development mentality, and enhance its overall competitiveness to further meet the needs of its industry development and market expansion, the Group actively developed the application and popularization of its ValuePlus and total solutions providing platforms in 2016, having already finished developing and bringing its 2.0MW VP and 2.5MW VP WTGs in the market. ValuePlus customized solution plans will

expand the scope of Goldwind's products from standalone WTGs to entire consolidated wind farms, which will in turn increase the value of the wind farm (Value Plus) and help improve wind power generation revenue (IRR), field energy availability and product competitiveness.

In 2016, the Group continued the investment in R&D for its 2.0 MW and 2.5MW units; it finished the R&D of the 2.0 MW ultra-low wind speed WTG, the 2.0 MW high altitude WTG, the 2.5 MW high altitude WTG and 2.5 MW high temperature WTG. All of the aforementioned WTGs have all been listed on the market as ready to sell.

The Group successfully installed its first 121/3.0MW DDPM offshore project, installing 18 121/3.0MW WTGs 6 nautical miles from the coast. As of the end of the Reporting Period, the project has been completed and connected to the grid.

On the basis of its R&D for the 2.5 MW and 3.0 MW units, the Group finished their brand new medium to low wind speed 3.0MW (S) product platform for international and domestic markets, with its first prototype being installed in the Zhangbei region. The prototype uses DDPM technology, has a capacity of 3.4 MW, and a rotor diameter of 140 meters.

During the Reporting Period, the Group successfully installed and connected its 6MW Alpha prototype at Dafeng on 16 May and finished designing and assembling its 6MW Beta prototype in November. The Group now has a high-speed customizable total-solution plan for offshore wind farms, complete with an integrated support structure design, integrated tower layout, integrated transport and installation, as well as a smart operation and maintenance plan.

In February 2016, the Group successfully connected its first commercialized megawatt class complementary wind and solar smart grid project in Ningxia. The smart grid project has integrated wind power, solar power, stored power, micro thermal generators, charging piles and other energy sources to form an intelligent micro grid system. The micro grid in Beijing was selected as a "Capital Blue Sky Mobile Technology Demonstration Project". As of the end of the Reporting Period, the Group has built 10 micro grid projects; every project has been connected and has had stable operations in island mode, providing convenient green solutions and enough energy for their respective regional enterprises.

During the Reporting Period, the Group meticulously researched the high temperature operating conditions for wind turbines. The development of a high temperature technological platform set up key technology modules for the application to other models, such as: a high temperature converter, variable pitch system, control system, cabinet heat exchanger, and condensation heat transfer technology. Considering that high temperature models have excellent generating capacity, the Group is expecting a breakthrough in Pakistan's wind power market, having already acquired a series of high temperature wind power projects in Pakistan including: the Sachal project, UEP project, and the Karachi phase two and three projects.

(2) Certification Work

As a part of its R&D program, the Group pursues certification of its WTGs and related technologies. During 2016, two key models (GW109/2500 & GW121/2500) of the 2.5 MW platform were certified by DNV-GL, an international certification agency. At the same time, 25 models have passed the design assessment of China General Certification Center and 11 models have obtained type certificates from China General Certification Center. Goldwind's 3.0 MW (S) platform has received design assessment which lays a good foundation for the future deployment of the model. Following certification for GW87/1500 and GW93/1500, both the GW115/2000 and GW121/2500 have received high altitude type certification from China General Certification Center. At this point, the Group's 1.5 MW, 2 MW, and 2.5 MW platforms have all received high altitude type certification, proving that Goldwind's unit has adaptability for different environments and safety verified by third parties, all of which greatly enhance its market competitiveness.

(3) Intellectual Property Protection

Goldwind, over the past few years, has continually attached importance to the development of R&D, with its number of domestic and international patents steadily growing, and its patent application

structure constantly being optimized. As at the end of the Reporting Period, Goldwind held 936 authorized patents in China, including 122 authorized inventions. Goldwind owns 293 software copyrights, 68 registered trademarks have been approved in China, and 87 registered trademarks have been approved overseas.

As a wind power industry leader, the Group is engaged in formulating international, national, and industrial standards for wind power. As at 31 December 2016, the Group had contributed to establish 127 new standards (including 68 national standards, 48 industrial standards, 6 local standards, and 5 association standards). In 2016, China adopted 64 new national and industrial standards. The Group is an editing member of the only three IEC standards that support micro grid technology, including the IEC/TS 62898-3-1 “Microgrid Protection Requirements” which was proposed and set up by the Company. Goldwind is leading the way in the development of advanced technology through certification.

Goldwind, Xinjiang University and Xinjiang State Grid Electric Power Company’s joint project “Independent Innovation and Industrialization of Key Control Technologies of Wind Turbines” was awarded the “2016 National Second Prize in Scientific and Technological Improvement”.

3. Quality Control

In 2016, the Group proposed and launched initiatives to improve the industrial supply chain through close collaboration with its suppliers. The Group actively pursued quality management in three priorities: the entire process of quality, in all of its personnel, and in its enterprise. The Group’s quality management center aids in the effective transfer from product quality management to wind farm quality management. At the same time, it carries out quality management transformations, prevents errors at their source, adjusts both the management and organization’s model, and utilizes red line index management and its quality management system to continuously improve the quality management capabilities. In order to improve its industrial supply chain, Goldwind works with key suppliers to build a collaborative quality improvement platform. The Group’s lean management philosophy envelops the source of product manufacturing, driving the industry to improve quality and enhancing overall market competitiveness.

During the Reporting Period, the Group was awarded the “National Quality and Cultural Construction Demonstration” by China Quality Association.

ii. Wind Power Services

With the development of an after-sales wind power service market, wind power service businesses have had innovation within their business models, on the whole becoming more centralized, sharing more, and seeing an intelligent development trend. During the Reporting Period, the Group launched wind power total life-cycle solutions and related innovative products, including EPC overall solution planning, a new hybrid wind power tower product, and digital operation and maintenance solutions.

Goldwind’s EPC construction arrangement has become the first choice for many customers, with specialized management, innovative products, technology, and financing plans that minimize investment and maximize quality. The Group has put forth a new type of hybrid tower that is not only waterproof, noise reducing, and has transportation advantages, but also helps to lower costs and in turn create a more economic product for our customers.

Goldwind’s smart maintenance and operation solution GW SES A Series, officially released in August 2016, provides customers with flexible, professional, efficient customized service. It includes six component parts of SES A100-600: customizable service composition, intelligent background, joint operation, intelligent operation, hassle free protection, and customized flexible, professional and efficient power generation services.

The Group recently launched the wind farm mobile operation platform GO PLUS to facilitate convenient operation management; operation engineers in the field will have access to real time statistics, meteorological statistics, early warnings and KPI index feedback. GO PLUS will be helpful for Goldwind’s background specialists, operation managers, and on site operation and maintenance engineers, providing real time analysis on various resources and enhancing overall operation capabilities.

As at the end of the Reporting Period, the Group's maintenance and operation team had provided construction, maintenance and operation services and technical support for more than 25,000 WTGs in more than 700 wind farms globally. Over 17,000 WTGs are connected to Goldwind's Technology Global Monitoring Center, including a total of 502 WTGs from the United States, Australia, Thailand, Romania, Ecuador and Pakistan. During the Reporting Period, revenue from the Wind Power Services business segment was RMB1,245.54 million.

Beijing Tianyuan reported that its "Industrialization Project of Intelligent Wind Farm Operation Monitoring System" was included in the 2015 National Torch Program and identified as an industrialization demonstration project. This project was the only project shortlisted from the wind power operation and maintenance industry, proving once again that Goldwind holds the leading position in the field of wind power technology.

iii. Wind Farm Investment and Development

Considering that the domestic wind power market has been moving southwards and that total capacity is experiencing a fall after rising, the Group actively invested in wind farms and developed business segments that accelerate the reserves of resources and achieved better results. The Group's development of domestic wind farm projects covered 25 provinces, with 96 project subsidiaries, and a total asset size of over RMB 26 billion. Goldwind reported that during the Reporting Period, its total newly installed domestic generating capacity increased by 1,107.40 MW and its newly attributable installed generating capacity increased by 1,032.75 MW. The newly added capacity resulted in domestic accumulated installed generating capacity of 4,151.80 MW and accumulated installed attributable capacity of 3,558.18 MW. Goldwind reported 392.50 MW of domestic capacity under construction at the end of the Reporting Period, of which 377.50 MW was attributable capacity; WTG utilization hours was 1,881 hours.

According to statistics from the CWEA and the wind energy advisory body MAKE, Beijing Tianrun ranked ninth amongst domestic wind power developers, and was among the world's top 25 wind power developers (it was ranked 21).

While the national power system continued to advance reforms, the Group kept up with the pace of development of its industry and actively formulated a power sales market that promoted wind power consumption to ensure a strong return on the Group's assets. During the Reporting Period, the Group's first power sales company completed business registration. Meanwhile, the Group was also actively involved in the electricity market within Xinjiang, Ningxia, and Gansu for power sales companies. A number of enterprises, power grids, and others have signed a number of bilateral agreements and interregional delivery agreements with the Group.

During the Reporting Period, the Group's revenue from power generation was RMB 2,414.25 million, representing an increase of 55.47% YoY. The gain on investment from sale of wind farms was RMB 51.53 million, an increase of 51.74% YoY.

During the Reporting Period, Beijing Tianrun's 99 MW Naomaohu project received the 2016 China Power Quality Engineering Award, and the Hubei Taohuashan project was awarded the China Installation Quality Engineering Award.

iv. International Business Expansion

After years of practice and market development, the Group's corporate image and products are starting to gain international market recognition. Goldwind's strategy of internationalization has steadily advanced due to the Group promoting international projects; in turn, international market development and other aspects have achieved good results. During 2016, the Group had newly installed capacity of 440 MW, representing an increase of 151.40 % YoY. The Group's international wind power projects installed capacity was 246 MW, and accumulated attributable capacity was 121.74 MW. Goldwind reported 175 MW of capacity under construction internationally at the end of the Reporting Period, of which 43.75 MW was attributable capacity. During the Reporting Period, the Group achieved international sales revenue of RMB 2,209.24 million.

During 2016, the Group successfully acquired the Rattlesnake wind power project in Texas, USA. The

project will utilize 64 units of Goldwind's 2.5 MW DDPM WTGs for a planned capacity of 160 MW; after completion it will become Goldwind's largest wind farm in America. The Group completed installing its first batch of flexible towers in Thailand, with a capacity of 99 MW. After the completion of its first phase project in Pakistan, the Group received the second phase sales order for a capacity of 99 MW. While further strengthening its leading position in its domestic wind power industry, the Group has actively expanded to the overseas market.

According to data from the CWEA, Goldwind accounted for more than 70% of China's accumulated WTG exports.

v. Water Treatment Business Expansion

During the Reporting Period, while consolidating its core business, Goldwind actively carried out strategic investment in the renewable energy industry, serving as the new driving force for the sustainable development of the Group.

Presently, the Group's new energy projects include: new energy, new materials, and energy saving environmental protection. During the Reporting Period, there was rapid development of the Group's water business, with six newly built water treatment plants and eleven water treatment plants under operation in total, for a total processing capacity of 723 thousand tons / day and annual water recovery rate of 99.7%. The Group uses an intelligent water management model, having developed an application to realize the organic combination of the internet-of-things + basic applications + intelligent applications. Moreover, the Group looks to introduce the world's leading 3D printing technology into the water industry which can effectively reduce the cost of water treatment and increase efficiency.

With excellent investment performance and management capabilities in the field of green technology and new energy, the Group's wholly-owned subsidiary Goldwind Investment Holding Co., Ltd. was awarded the following two awards at the 2015 annual meeting of China Investment, the "Top 10 Best Green Technology Investment Institutions in 2016" and the "Top 10 Best Investment in New Energy Sector in 2016"

vi. Major Subsidiaries

As at 31 December 2016, the Group had 200 subsidiaries, which included 23 directly owned subsidiaries and 177 indirectly owned subsidiaries. In addition, we had 11 joint ventures, 15 associated companies and held 17 equity investments categorised as available-for-sale investments. The Group's subsidiaries included R&D and manufacturing companies for WTG components, wind farm investment and development companies, wind power service companies, and water treatment plants, finance lease service companies and etc. The following table sets out the key financial information of principal subsidiaries of the Group (reported in accordance with CASBE):

As at 31 December 2016
Unit: RMB

No.	Company Name	Registered Capital (RMB ten thousand, unless otherwise stated)	Total Assets	Net Assets	Revenue of Principal Businesses	Net Profits Attributable to the Company
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,000.00	5,805,600,082.47	1,399,554,349.44	5,814,197,419.25	272,635,836.98
2	Vensys Energy AG	€ 5 million	1,201,437,920.37	619,856,453.84	719,192,615.68	56,798,191.18
3	Jiangsu Goldwind Technology Co., Ltd.	75,961.00	3,525,350,772.53	1,129,249,332.42	3,213,014,350.87	325,942,511.00
4	Beijing Techwin Electric Co., Ltd.	10,000.00	2,427,165,800.56	1,450,873,251.20	3,617,488,462.85	531,093,961.33
5	Beijing Tianrun New Energy Investment Co., Ltd.	555,000.00	25,198,659,299.76	7,222,925,384.65	2,285,513,344.69	636,101,257.31
6	Goldwind Investment Holding Co., Ltd.	100,000.00	1,630,741,068.08	1,531,593,310.13	-	292,554,107.98
7	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd.	20,000.00	3,135,691,026.01	226,624,297.75	2,150,056,150.71	7,296,093.04
8	Goldwind Environmental Protection Co., Ltd.	100,000.00	1,852,594,055.94	1,012,672,273.20	96,469,285.87	23,534,786.70
9	Tianxin International Lease Co., Ltd.	USD 30 million	2,198,189,881.93	408,037,195.14	161,338,634.30	85,178,762.89

vii. Use of Proceeds

1. Use of H Shares Proceeds

The Company conducted the initial public offering of its H Shares and had its H Shares listed on the main board of the Stock Exchange in October 2010. According to the *Capital Verification Report* issued by Ernst & Young Hua Ming, the net proceeds of the H Shares offering were the equivalent of RMB6.754 billion in HKD. According to the proposed use of the H Shares offering proceeds, approximately 64.8% of the proceeds shall be used in the domestic market, and approximately 35.20% shall be used in the international market. As at 31 December 2016, the accumulated used proceeds were the equivalent of RMB 6.391 billion in HKD and the unused proceeds were the equivalent of RMB 0.363 billion in HKD. The use of the Company's H Share proceeds is as follows:

As at 31 December 2016
Unit: RMB million

Proceed Projects	Planned Investment	Actual Investment	Unused Amount
Construction of production base and optimisation of business operations	2,715	2,653	62
R&D of WTGs and components	986	685	301
International business	1,972	1,972	—
Bank loan repayment	411	411	—
General working capital	670	670	—
Total	6,754	6,391	363

III. OPERATIONS PERFORMANCE AND ANALYSIS

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

Summary

For the financial year ended 31 December 2016, revenue from operations for the Group was RMB 26,173.89 million, representing a decrease of 12.30% compared with RMB 29,846.00 million for the financial year ended 31 December 2015. Net profit attributable to owners of the Company was RMB 3,002.98 million, representing an increase of 5.39% compared with RMB 2,849.50 million for the financial year ended 31 December 2015. The Group reported basic earnings per share of RMB 1.08.

The following table provides Group's major financial indicators:

	Year ended 31 December		Change (percentage points)
	2016	2015	
Profitability Index			
Sales margin	11.47%	9.55%	1.92
Return on investment index			
Weighted average return on net assets [◆]	16.87%	18.13%	-1.26

◆ Calculated according to Announcement No. [2010]2, which is *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 revenue was generated primarily from business segments including, (i) the WTG Manufacturing; (ii) Wind Power Services; (iii) Wind Farm Investment and Development; and (iv) other. Revenue from WTG Manufacturing was mainly generated through sales of WTGs and components. Revenue from Wind Power Services was mainly generated through wind farm EPC, maintenance, and other services. Revenue from Wind Farm Investment and Development was mainly generated from the sale of power produced by our operating wind farms. Revenue from other business segment of Goldwind included revenue from lease financing and water treatment.

For the financial year ended 31 December 2016, revenue from operations for the Group was RMB 26,173.89 million, representing a decrease of 12.30% compared with RMB 29,846.00 million for the financial year ended 31 December 2015. Details are set out below:

Unit: RMB thousand

	Year ended 31 December		Amount	Percentage
	2016	2015	Change	Change
WTG Manufacturing	22,264,112	26,858,326	(4,594,214)	-17.11%
Wind Power Services	1,245,537	1,281,972	(36,435)	-2.84%
Wind Farm Investment and Development	2,414,248	1,552,876	861,372	55.47%
Other	249,995	152,824	97,171	63.58%
Total	26,173,892	29,845,998	(3,672,106)	-12.30%

Revenue decreased due to: (i) the wind power industry in 2016 as a whole had a calmer year, thus, the Group's sales revenue from WTGs slightly declined; (ii) following the Group's formal entry into the operational phase of adding capacity to wind farms, this year's revenue from wind farm investment and development substantially increased; and (iii) the Group greatly enhanced its ability to withstand risk and actively developed a diversified profit model, as a result, lease financing business and water treatment business sales revenue significantly increased in 2016.

Cost of Sales

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

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

Unit: RMB thousand

	Year ended 31 December		Amount	Percentage
	2016	2015	Change	Change
Raw materials and components	20,564,943	24,718,942	(4,153,999)	-16.80%
Labour	152,099	186,812	(34,713)	-18.58%
Depreciation and amortisation	829,581	465,273	364,308	78.30%
Other production costs	843,760	1,169,534	(325,774)	-27.86%
Changes in inventories and transferred assets	(3,774,559)	(4,471,520)	696,961	-15.59%
Total	18,615,824	22,069,041	(3,453,217)	-15.65%

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

Unit: RMB thousand

	Year ended 31 December		Amount	Percentage
	2016	2015	Change	Change
WTG Manufacturing	16,588,513	20,332,006	(3,743,493)	-18.41%
Wind Power Services	1,044,511	1,136,552	(92,041)	-8.10%
Wind Farm Investment and Development	911,388	583,089	328,299	56.30%

Other	71,412	17,394	54,018	310.56%
Total	18,615,824	22,069,041	(3,453,217)	-15.65%

The Group's cost of sales decreased mainly due to decreased operating income in 2016.

Gross Profit

Unit: RMB thousand

	Year ended 31 December		Amount	Percentage
	2016	2015	Change	Change
WTG Manufacturing	5,675,599	6,526,320	(850,721)	-13.04%
Wind Power Services	201,026	145,420	55,606	38.24%
Wind Farm Investment and Development	1,502,860	969,787	533,073	54.97%
Other	178,583	135,430	43,153	31.86%
Total	7,558,068	7,776,957	(218,889)	-2.81%

Gross profit primarily contributed by the WTG Manufacturing and Wind Farm Investment and Development business segments, but also to a lesser extent by the Wind Power Services and other business segments.

For the financial years ended 31 December 2015 and 2016, the Group's comprehensive gross profit margins were 26.06% and 28.88%, respectively, and the gross profit margins for the WTG Manufacturing segment were 24.30% and 25.49%, respectively. The following table sets out the gross profit margins for our WTGs (prepared in accordance with CASBE):

Gross Profit Margin	Year ended 31 December		Change
	2016	2015	(percentage points)
3.0MW	30.61%	25.54%	5.07
2.5MW	24.93%	23.28%	1.65
2.0MW	24.77%	20.33%	4.44
1.5MW	27.78%	26.94%	0.84
750KW	-	29.65%	-

In 2016, the Group continued to promote lean management, value management, eliminate inefficiencies, and strive to achieve the best overall costs. As of 31 December 2016, gross profit margin for the 1.5MW WTG had a certain degree of improvement, increasing from 26.94% last year to 27.78% during the Reporting Period. The 2.0 MW WTG began mass production and delivery, elevating its gross profit margin from 20.33% last year to 24.77% during the Reporting Period. The gross profit margin for the 2.5 MW WTG also had a certain degree of improvement, increasing from 23.28% last year to 24.93% during the Reporting Period.

Other Income and Gains

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

Other income and gains of the Group for the financial year ended 31 December 2016 was RMB1,085.10 million, representing a 40.41% increase from RMB772.83 million for the financial year ended 31 December 2015. This was mainly attributed to an increase in the Group's gain on disposal of investments in an associate, an increase in insurance compensation on product warranty expenditures, an increase in dividend income from available-for-sale investments, an increase in the proceeds from disposal of available for sale

investments, and an increase in government grants, all of which were offset by a decrease in bank interest income.

Selling and Distribution Costs

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

The Group incurred selling and distribution costs of RMB2,210.76 million during the financial year ended 31 December 2016, representing a 22.91% decrease from RMB2,867.87 million for the financial year ended 31 December 2015. This was mainly attributed to a decrease in the sales of WTGs which led to decreased product warranty provisions, transportation costs and etc.

Administrative Expenses

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

The Group incurred RMB 1,940.48 million of administrative expenses during the financial year ended 31 December 2016, representing a 18.63% increase from RMB1,635.76 million for the financial year ended 31 December 2015. This was mainly attributed to higher employee costs associated with our expanded R&D spending to enhance the Group's core competitiveness as well as an increase in the total number of employees causing an increase in employee costs.

Other Expenses

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

The Group incurred RMB445.07 million of other expenses during the financial year ended 31 December 2016, representing a 9.84% increase from RMB405.19 million for the financial year ended 31 December 2015. This was mainly attributed to an increase in foreign exchange losses, bank charges and etc.

Finance Costs

The Group incurred RMB686.65 million of finance costs during the financial year ended 31 December 2016, representing a 23.57% increase from RMB555.68 million for the financial year ended 31 December 2015. This was mainly attributed to an increase in interest expenses resulting from increased average loan balance, and increased operational wind farms which led to interest payments for associated project bank loans re-categorised as interest expense rather than capital expenditure.

Income Tax Expense

Income tax expense of the Group for the financial year ended 31 December 2016 was RMB446.22 million, representing a 20.13% increase from RMB371.44 million for the financial year ended 31 December 2015. This was mainly attributed to increased pre-tax profit.

Capital Expenditures

The Group reported capital expenditures of RMB5,560.42 million for the financial year ended 31 December 2016, representing a 23.42% decrease from RMB7,260.81 million for the financial year ended 31 December 2015. Our primary source of funds to finance capital expenditures included bank loans and cash flows from operations of the Group.

Details of the Group's financial resources and liquidity are as follows:

Financial Resources and Liquidity

Unit: RMB thousand

Cash Flow Statement	Year ended 31 December	
	2016	2015
Net cash flows from operating activities	3,102,543	4,766,128
Net cash flows used in investing activities	(7,011,128)	(7,245,171)
Net cash flows from / (used in) financing activities	5,246,540	(969,812)
Net increase/ (decrease) in cash and cash equivalents	1,337,955	(3,438,855)
Cash and cash equivalents at beginning of year	6,141,430	9,523,826
Effect of foreign exchange rate changes, net	47,078	56,459
Cash and cash equivalents at end of year	7,526,463	6,141,430

1. Cash flows from operating activities

The Group's net cash flows from operating activities primarily consisted of profit before tax, adjusted for non-cash items, movements in working capital, and other income and gains.

Net cash flows from operating activities of the Group for the financial year ended 31 December 2016 was RMB 3,102.54 million. Cash inflows were principally comprised of profit before tax of RMB3,551.96 million, paid income tax of RMB802.29 million, adjusted for a RMB1,012.14 million increase in other payables, advance from customers, a RMB 861.37 million increase in depreciation, and an increase of RMB 686.65 million in finance costs and etc. These cash inflows were offset by a RMB 1,820.13 million increase in trade and bills receivables and etc.

Net cash flows from operating activities of the Group for the financial year ended 31 December 2015 was RMB4,766.13 million. Cash inflows were principally comprised of profit before tax of RMB3,246.83 million, paid income tax of RMB648.72 million, adjusted for a RMB555.68 million increase in finance costs, a RMB2,836.59 million increase in trade and bills payables and other payables, and a RMB1,394.80 million increase in provision. These cash inflows were offset by a RMB4,048.22 million increase in trade and bills receivables.

2. Cash flows used in investing activities

The Group's net cash flows used in investing activities primarily consisted of purchases of items of property, plant and equipment, acquisition of subsidiaries, pledged deposits, non-pledged time deposits with original maturity of three months or more when acquired, and purchases of available-for-sale investments.

Net cash flows used in investing activities of the Group for the financial year ended 31 December 2016 was RMB7,011.13 million. Cash outflows were principally comprised of purchases of items of property, plant and equipment of RMB5,500.98 million, purchases of available-for-sale investments of RMB1,461.75 million and etc.

Net cash flows used in investing activities of the Group for the financial year ended 31 December 2015 was RMB7,245.17 million. Cash outflows were principally comprised of purchases of items of property, plant and equipment of RMB6,766.88 million and purchases of other intangible assets of RMB668.34 million. These cash outflows were offset by RMB241.81 million of cash received from

the disposal of subsidiaries and RMB150.04 million of dividends received from the Group's joint ventures and associates.

3. Cash flows from/(used in) financing activities

The Group's net cash flows used in financing activities primarily consisted of repayment of bank loans and dividend paid to owners of the Company. Our net cash flows from financing activities primarily consisted of new bank loans.

Net cash flows used in financing activities of the Group for the financial year ended 31 December 2016 was RMB5,246.54 million. Cash inflows were principally comprised of new bank and other borrowings of RMB8,709.94 million and etc. These cash outflows were offset by repayment of bank and other borrowings of RMB2,946.82 million, and interest paid of RMB667.40 million and etc.

Net cash flows used in financing activities of the Group for the financial year ended 31 December 2015 was RMB969.81 million. Cash outflows were principally comprised of repayment of bank loans and other borrowings of RMB7,169.56 million, interest payments of RMB731.27 million, and a dividend payment of RMB1,053.38 million. These cash outflows were offset by RMB7,576.25 million of new bank loans and other borrowings.

Financial Position

As at 31 December 2016 and 2015, the Group's total assets were RMB64,437.17 million and RMB52,572.40 million, respectively, current assets were RMB33,096.62 million and RMB25,286.64 million, respectively, and the percentage of current assets to total assets was 51.36% and 48.10%, respectively. Current assets increased mainly due to an increase in the Group's trade and bills receivables, an increase in assets of disposal groups classified as held for sale resulting from disposal of wind farms and an increase in cash and cash equivalents.

As at 31 December 2016 and 2015, the Group's non-current assets were RMB31,340.55 million and RMB27,285.76 million, respectively. The non-current assets increased mainly due to increased property, plant and equipment resulting from increased operating and under-construction wind farms, increased financial receivables resulting from increased finance lease receivables and water concession rights, increased interests in joint venture entities and available-for-sale investments resulting from increased investments, and increased intangible assets such as land, software and franchise rights.

As at 31 December 2016 and 2015, the Group's total liabilities were RMB43,738.37 million and RMB35,181.80 million, respectively, and current liabilities were RMB24,662.98 million and RMB20,958.89 million, respectively. Current liabilities increased mainly due to an increase in advance from customers, interest-bearing bank loans repayable within a year, and liabilities directly associated with the assets classified as held for sale resulting from disposal of wind farms.

As at 31 December 2016 and 2015, the Group's non-current liabilities were RMB19,075.39 million and RMB14,222.91 million, respectively. Non-current liabilities increased mainly due to an increase in bank loans and provisions resulting from increased accumulated installed capacity of wind farms.

As at 31 December 2016 and 2015, the Group's net current assets were RMB8,433.64 million and RMB4,327.75 million, respectively, and the net assets were RMB20,698.79 million and RMB17,390.60 million, respectively.

As at 31 December 2016 and 2015, the Group's cash and cash equivalents were RMB7,534.17 million and RMB6,147.38 million, respectively, and interest-bearing bank loans and other borrowing were RMB18,091.11million and RMB12,494.73 million, respectively.

Interest-bearing Bank Loans and Other Borrowing

As at 31 December 2016, the amount of the Group's interest-bearing bank loans was RMB14,355.38 million, including bank loans repayable within one year of RMB2,488.83 million, in the second year of RMB1,737.12million, in the third to fifth year of RMB3,330.55 million, and above five years of RMB6,798.88 million. In addition, as at 31 December 2016, the Group's outstanding amount of corporate

bonds was RMB3,735.73 million, including corporate bonds repayable within one year of RMB183.24 million, in the second year of RMB2,742.49 million, in the third to fifth year of RMB810.00 million. During the Reporting Period, the Group does not have any interest rate hedging.

Capitalization of Interest

During 2016, the Group's capitalised RMB23.31 million of interest expense to property, plant and equipment; the Group's capitalised RMB7.76 million of interest expense to property, plant and equipment classified to assets of disposal groups classified to held for sale in accordance with IFRS.

Reserves

As at 31 December 2016, the Company's reserves distributable to shareholders was RMB1,447.70 million. This was the lower of two figures calculated in accordance with CASBE and IFRS.

Restricted Assets

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

As at 31 December 2015, certain assets of the Group with a total carrying value of RMB11,237.38 million were pledged as security for certain bank loans and other banking facilities. Such assets included bank deposits of RMB444.54 million, trade and bills receivables of RMB1,548.67 million, property, plant and equipment of RMB9,161.55 million, and prepaid land lease payments of RMB82.62 million.

Gearing Ratio

As at 31 December 2016, the Group's gearing ratio, defined as net debt divided by sum of capital and net debt, was 56.48%, representing a decrease of 0.09% compared with 56.57% as at 31 December 2015.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group primarily operated its businesses in China. Over 80% 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. During the Reporting Period, the Group signed a few forward foreign exchange agreements with ANZ Bank, Citibank, and Societe Generale to avoid foreign currency exchange risks. The Group's foreign exchange exposure associated with such transactions (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 a bank in connection with a bank loan granted to a joint venture, an associate or third party.

As at 31 December 2016, the Group's contingent liabilities were RMB12,181.46 million, representing an increase of RMB1,855.91 million compared with RMB10,325.55 million as at 31 December 2015.

IV. OUTLOOK FOR 2017

2017 is an important year for the implementation of the Thirteenth Five-Year Plan, the NEA proposes to establish and implement "innovation, coordination, green, open, and sharing" as its new development concepts. The NEA will promote energy supply side structural reforms as its main line by improving supply quality and efficiency; efforts to promote clean energy development and utilization will focus

supplementing the shortcomings of energy development. The NEA believes that economic and social development will provide stronger energy security.

i. Industry Outlook

1. Industry Development Trends

According to the NEA's "Wind Power Development Planning in the Thirteenth Five-Year Plan" (《風電發展“十三五”規劃》), during the five-year period the wind-power industry will: adjust and optimize the layout of wind power development, gradually move from the Three-North region towards the middle eastern region, and increase resource exploration and development in the middle eastern and southern regions. Moreover, there will be rapid development of distributed wind power, realizing nearest consumption in the low voltage side, steadily building a wind power base, and active development of offshore wind power. Furthermore, the wind power industry service system will accelerate improvements, enhance the quality of industrial development and increase market competitiveness. By 2020, total installed wind power capacity should reach at least 210 GW, having the effect of making coal power and wind power prices equivalent. The Thirteenth Five-Year Plan will research and establish financial subsidies and electricity pricing mechanisms that will be beneficial in lowering the cost of electricity, gradually realizing the marketability of wind and solar power feed in tariffs.

According to the "Notice on Trial Implementation of Renewable Energy Green Power Certificate Issuance and Voluntary Subscription Trading System" (《關於試行可再生能源綠色電力證書核發及自願認購交易制度的通知》) jointly issued by the NDRC, the Ministry of Finance, and the NEA, the voluntary subscription system of renewable energy green power certificates and voluntary subscription system will begin on 1 July 2017. The introduction of this system will help promote the development of renewable energy into the market, and lay the foundation for future renewable energy quota trading. It will also help boost demand for renewable energy electricity, stimulate investment and promote renewable energy consumption, guide China's societal green consumption, and promote sustainable and healthy development of renewable energy industry.

2. Market Trends

After the rush orders of 2015, wind power installed capacity growth remained steady and there was further clarification on the guiding ideology of national policy for the development of renewable energy. With the continuous improvement of industry technology, products and market segmentation, industry investment will gradually shift to the central-eastern and southern markets. Customer demands will largely be for adaptability, large capacity, good quality and reliable performance of the WTGs.

Furthermore, the advantages of complete service enterprises with leading technology in industry competition will be more prominent, wind power equipment manufacturing enterprises' market share will become more and more concentrated as the industry itself becomes further concentrated. According to statistics from the CWEA, the market share of the top five wind turbine manufacturing enterprises has increased from 54.1% in 2013 to 60.1% in 2016.

The continuous improvement of customer demand has had a definite impact on the model of industry competition. Customer demand has transformed from quality, price and other single unit requirements towards project resources and wind resources forecasting, life-cycle asset management services, and overall wind farm solutions. Essentially, the way of competition in the industry is changing from single product competition to integrated capacity competition.

During the Thirteenth Five-Year Plan, China will bring in a period of rapid development of offshore wind power. According to the NEA's "Wind Power Development in the Thirteenth Five-Year Plan" (《風電發展“十三五”規劃》), China has proposed to actively and steadily push forward the construction of offshore wind power, focusing on promoting offshore wind power construction in Jiangsu, Zhejiang, Fujian, Guangdong and other maritime provinces.

By 2020, these four provinces' offshore wind power construction scale shall have reached more than 1 GW, national offshore wind power construction scale shall have reached 10 GW, and China will strive to accumulate a connected national offshore wind power capacity of 5 GW.

ii. Corporate Strategy

Goldwind has devoted itself to becoming a total solution provider for international clean energy supply, energy saving systems, and environmental protection. The development trend and competitive pattern of the wind power industry will bring opportunities and challenges to the future development of the Group, and will promote the direction of its business structure transformation, collaborative transformation, and management transformation. Goldwind will continue to consolidate the development, manufacturing, sales, and service business advantages of its WTGs. Simultaneously, the Company will accelerate the development of the implementation of a mature wind power value chain which has more value added opportunities, provide customers with wind power equipment manufacturing, intelligent energy services, and clean power amongst other wind power total solution plans. Furthermore, Goldwind will continue to follow its direction of internationalization to become a global leader in its industry by further implementing technology, market, talented personnel, and internationalized capital. Goldwind will focus on the combined development of other renewable energy sources and the environmental protection industry, actively expand its smart micro grid product, and expand its business areas to environmental protection and energy saving technology. The Company wishes to rely on existing resources and advantages, to cultivate power electronics, integrate energy and other new business models, guide the future development trend of renewable energy, and most importantly, promote the long-term sustainable development of its enterprises.

iii. Operations Plan and Major Targets

In 2017, Goldwind will be guided by the ideology of restructuring, innovation, consolidation and value-adding, continue to adhere to the principle of having customers as the center, maintain its renewable energy system solutions provider service position, focus on products, and continually transform and upgrade its management.

1. Product Digitalization and Management Transformation

Goldwind will accelerate the project development of its integrated wind farm total-solutions, enter early into the market, and have rapid iteration based on market reaction. For the advancement of product digitalization, the Group will keep up with industry policy, capture market information, and develop implementation plans for energy internet solutions. Goldwind has realized its goal of product digitalization by the formation of its manufacturing service oriented digital platform.

The Group's management transformation is driven by its strategic performance, new business incubator, support platform transformations, complete organization of new business layout, machine automation, and ensured by a talented team.

2. Innovation

In 2017, Goldwind's innovation will be marked by: wind resource optimization technology, personalized customizable units, lightweight products, engineering management and digitalization of operations. Goldwind aims to be the leader in accelerating the progress of the entire wind farm product innovation; from organization guarantees, to establishing mechanisms for the development of an offshore platform, to leading the development of the offshore market.

3. Accelerating the Flow of Information

Goldwind aims to accelerate the flow of information by sending complete business information that is built and run online to all of its business units; complete functional departments will have most of their management information on shareable platforms. The overall framework design and scheme of statistical management will be standardized.

4. Value Addition

In order to realize higher value products and services, the Group aims to further increase market share by increasing investment into the development of the layout of emerging markets, optimize the income structure, and help clear up diversified industries' development direction, objectives, plans, resources, organization and implementation.

iv. Capital Needs

According to the Group's 2017 operations plan and major targets, the Group's working capital requirements should be met with a combination of existing funds, operating cash flow, and bank loans in 2017. The Group has a strong capacity to service its debts, a sound reputation in the financial community, ample capital resources and ease of access to additional capital.

v. Potential Risk Factors

1. Wind Curtailment

During the Reporting Period, China's wind curtailment situation had a trend of seasonal improvement, although wind curtailment still has a definite impact on the development of the industry. In 2016, China's total wind curtailment was 49.7 billion kWh and its wind curtailment rate was 17%, representing an increase of 2 percentage points YoY; wind curtailment will be an important factor restricting the development of wind power in the short run.

2. Market Conditions and Exchange Rate Fluctuations

There was growth pattern differentiation for the world's major economies, with globalization and geopolitics bringing uncertainty to the world economy's development. Within this context, there will be the threat of international trade protectionism and RMB exchange rate fluctuation, both of which will affect the Company's internationalization strategy and international business expansion.

3. Electricity Demand Decline

In 2016, the Company's top five customers accounted for more than 40% of the total annual sales volume. Within the context of China's macro-economy slowing down, a decline in demand from our major customers will have a definite impact on the production and operation of the Company.

4. Policy Risk

The development of the wind power industry is affected by national policy and industry development policy; changes in relevant policies will affect the production and sales of the Company's main products.

In spite of the aforementioned possible risks, the Company will actively respond to the constant reformation of China's electric power system, it will optimize resource allocation and project layout, actively promote the development of its electricity sales business, promote electricity consumption, and increase the Company's return on electricity generating assets. The Company will maintain its internationalization strategy through hedging and other measures that reduce interest rate risk. Lastly, the Company will continue to tap into the value of its industry supply chain, expand the market and sales channels, and safeguard the Company and its shareholders through the diversification of its profit model.

V. CORE COMPETITIVE ADVANTAGES

i. Market Position

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

ii. Products and Technology

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

iii. Brand Awareness

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

iv. Comprehensive Wind Power Solutions

Goldwind continued to consolidate its position as a leading comprehensive wind power solutions provider, thanks to its advanced technology, products, and extensive experience in wind farm development, operations and maintenance. In addition to sales of WTGs, we continued to expand alternative sources of profit such as wind farm development and sales and wind power services. Over the past years, these businesses have become highly profitable and an important complement to our core business. We have successfully overcome the challenges posed by the market, strengthened our overall competitiveness, and improved our diversified competitive advantages.

v. Internationalisation

Goldwind was one of China's first wind power manufacturers to expand overseas and we have continued to promote a strategy of internationalisation. By following a principle of "internationalisation through localisation", we achieved breakthroughs in key target markets in the Americas, Australia and Europe. We continued to make progress in emerging markets in Africa and Asia. Our overseas projects are distributed across six continents.

ESTIMATED OPERATING RESULTS FOR THE THREE MONTHS ENDING 31 MARCH 2017

Range of percentage change in net profits attributable to owners of the Company for the three months ending 31 March 2017	-100%	to	-50%
Range of net profits attributable to owners of the Company for the three months ending 31 March 2017 (RMB million)	0.00	to	185.26
Net profits attributable to owners of the Company for the three months ended 31 March 2016 (RMB million)	370.51		
Reasons for increase/decrease	Mainly due to a decrease in the WTG sales volume YoY, and a decrease in investment income from the disposal of available-for-sale investments.		

FINAL DIVIDEND

The Board recommends the distribution of 3 bonus shares per every ten shares (including tax) held by the Company's Shareholders and the payment of a final dividend of RMB2 per every ten shares (including tax) from the Company's retained undistributable profit for the financial year ended 31 December 2016. The bonus shares will be issued by way of conversion of undistributed profit. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2016 in accordance with the provisions of the Articles, and will be implemented thereafter. The final dividend will be paid to the Shareholders on or before 30 August 2017. Information regarding the date of the AGM for the year of 2016, distribution of final dividend, and the relevant record dates and book close dates will be announced in due course.

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 2016, which is to be included in its annual report for the same year.

Save as disclosed below, the Company has complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2016.

Code provision A.5.1 requires that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Pursuant to the Articles and the relevant laws, regulations and rules of the PRC, following the expiry of the term of office of the fifth session of the Board on 25 June 2016 and upon the Directors ceasing to be in office after election of the sixth session of the Board by the Shareholders at the AGM, the term of office of members of the various committees established under the Board (including the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee) also expired. The Board meeting for appointing members to each of the Board committees was held on 5 July 2016. Accordingly, during the short interval between 29 June 2016 and the said Board meeting, the Company deviated from code provision A.5.1. The Company has complied with code provision A.5.1 on 5 July 2016 upon the appointment of a sufficient number of members to those committees.

Code provision C.3.3 requires the audit committee's terms of reference to include certain specified scope, as expanded by Listing Rule amendments in 2014. For the year ended 31 December 2016, the Company's Audit Committee in practice covered the expanded scope in substantive compliance with the revised code provision C.3.3. The Audit Committee's terms of reference was eventually amended in 29 March 2017.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Pursuant to an approval by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of the medium-term notes in 2016 on 25 May 2016, with a total principal amount of RMB1 billion at an interest rate of 5% per annum. The notes have a term of five + N years. The Company issued the second tranche of the medium-term notes in 2016 on 2 September 2016, with a total principal amount of RMB500 million at an interest rate of 4.20% per annum. The notes have a term of 5+N years. The issue price of the medium-term notes is RMB100. For details, please refer to the announcements of the Company dated 27 May 2016 and 5 September 2016.

Other than disclosed in this announcement, during the financial year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

REVIEW OF 2016 ANNUAL RESULTS

The Audit Committee of the Company has reviewed and approved the 2016 Annual Results of the Company.

Definitions

In this announcement, 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;
“AC”	alternating current, being electricity that changes direction periodically;
“AGM”	annual general meeting of the Company;
“Articles”	the <i>Articles of Association</i> of the Company, as amended, modified or otherwise supplemented from time to time;
“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;
“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;
“CASBE”	<i>China Accounting Standards for Business Enterprises</i> ;
“China” or “PRC”	the People’s Republic of China. References in this announcement to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“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;
“Corporate Governance Code”	<i>Corporate Governance Code</i> and <i>Corporate Governance Report</i> , as set out in Appendix 14 of the Listing Rules;
“DC”	direct current, being electricity that flows in one direction through the conductor;
“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;
“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 2016, prepared in accordance with IFRSs;
“gearing ratio”	net debt divided by the sum of capital and net debt;
“Group”, “Goldwind”, “us” or “we”	the Company and its subsidiaries;
“GW”	gigawatt, a unit of power, 1GW equals 1,000MW;
“H Shares”	ordinary shares issued by the Company, with RMB- denominated par value of RMB1.00 each, which are listed on the Stock Exchange and traded in HKD;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IFRSs”	<i>International Financial Reporting Standards</i> ;
“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;
“Listing Rules”	<i>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> ;
“MW”	megawatt, a unit of power, 1MW equals 1,000kW;
“NEA”	National Energy Administration of the PRC (中國國家能源局);
“NDRC”	National Development and Reform Commission of the PRC (中國國家發展和改革委員會);
“R&D”	research and development;
“RMB”	Renminbi, the lawful currency of the PRC;
“Senior Management”	the members of the senior management of the Company;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning as ascribed in the Listing Rules;
“SZSE”	Shenzhen Stock Exchange;
“Three-North region”	China’s Three-North region, which includes northeast, northwest and northern China;
“USD”	United States dollars, the lawful currency of the United States;
“Wind Farm Investment and Development”	the Group’s Wind Farm Investment and Development business 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;
“YoY”	year-over-year, a method of evaluating two or more measured events to compare the results at one time period with those from another time period on an annualised basis; and
“%”	percent, in this announcement, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

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

Beijing, 29 March 2017

As at the date of this announcement, the Company’s executive directors are Mr. Wu Gang, Mr. Wang Haibo and Mr. Cao Zhigang; non-executive directors are Mr. Zhao Guoqing, Mr. Feng Wei and Mr. Gao Jianjun; and independent non-executive directors are Mr. Yang Xiaosheng, Mr. Luo Zhenbang, and Dr. Tin Yau Kelvin Wong.