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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 2018**

Annual Results for the year ended 31 December 2018

The Board of the Company hereby announces the audited financial results of the Group for the financial year ended 31 December 2018 (the “**Reporting Period**”) (collectively, the “**2018 Annual Results**”). The 2018 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 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	4	28,590,307	24,970,835
Cost of sales		<u>(21,246,510)</u>	<u>(17,505,117)</u>
Gross profit		7,343,797	7,465,718
Other income and gains	4	2,073,163	1,631,065
Selling and distribution expenses		(1,896,605)	(2,101,058)
Administrative expenses		(2,737,783)	(2,520,463)
Impairment losses on financial and contract assets, net		(99,346)	(257,933)
Other expenses		(195,952)	(119,302)
Finance costs	6	(1,071,300)	(817,782)
Share of profits and losses of:			
Joint ventures		203,078	144,911
Associates		<u>63,379</u>	<u>65,400</u>
PROFIT BEFORE TAX	5	3,682,431	3,490,556
Income tax expense	7	(<u>399,833</u>)	(<u>341,749</u>)
PROFIT FOR THE YEAR		<u><u>3,282,598</u></u>	<u><u>3,148,807</u></u>
Profit attributable to:			
Owners of the parent		3,216,604	3,054,657
Non-controlling interests		<u>65,994</u>	<u>94,150</u>
		<u><u>3,282,598</u></u>	<u><u>3,148,807</u></u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	2018 RMB'000	2017 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Reclassification adjustments for losses included in the consolidated statement of profit or loss: losses on disposal of available-for-sale investments, net of tax		-	(22,949)
Reclassification adjustments for gains included in the consolidated statement of profit or loss: gains on disposal of an associate, net of tax		-	48,953
Share of other comprehensive (loss)/income of associates and joint ventures		(4,591)	167,926
Cash flow hedges, net of tax:			
-Effective portion of changes in fair value of hedging instruments arising during the year		(31,556)	16,052
Changes in fair value of available-for-sale investments		-	51,012
Exchange differences on translation of foreign operations		(167,277)	<u>23,111</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods, net of tax		(203,424)	<u>284,105</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets designated at fair value through other comprehensive income, net of tax		(252,151)	<u>-</u>
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX		(455,575)	<u>284,105</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,827,023</u>	<u>3,432,912</u>
Attributable to:			
Owners of the parent		2,761,029	3,338,762
Non-controlling interests		<u>65,994</u>	<u>94,150</u>
		<u>2,827,023</u>	<u>3,432,912</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	9	<u>0.88</u>	<u>0.84</u>

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018

	Notes	As at 31 December 2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		25,508,730	22,838,479
Investment properties		119,988	67,904
Prepaid land lease payments		292,453	302,092
Goodwill		487,749	497,601
Other intangible assets		3,477,115	2,254,558
Investments in joint ventures		3,068,338	1,802,594
Investments in associates		592,054	588,151
Equity investments designated at fair value through other comprehensive income		408,717	-
Financial assets at fair value through profit or loss		679,851	-
Available-for-sale investments		-	1,168,210
Other non-current financial assets		309,717	-
Deferred tax assets		1,634,991	1,601,385
Held-to-maturity investments		-	49,996
Trade receivables	10	-	2,324,143
Financial receivables		7,287,309	4,536,746
Prepayments, other receivables and other assets		1,407,300	1,555,448
Contract assets	11	3,005,214	-
Derivative financial instruments		53,032	16,070
Pledged deposits	12	<u>113,995</u>	<u>103,136</u>
Total non-current assets		<u>48,446,553</u>	<u>39,706,513</u>
CURRENT ASSETS			
Inventories		4,996,682	4,083,012
Trade and bills receivables	10	16,895,231	17,048,220
Contract assets	11	907,433	-
Financial receivables		386,762	497,481
Prepayments, other receivables and other assets		4,525,833	2,650,442
Available-for-sale investments		-	1,050,000
Derivative financial instruments		25,331	12,640
Pledged deposits	12	38,300	983,419
Cash and cash equivalents	12	<u>5,027,638</u>	<u>6,756,114</u>
		32,803,210	33,081,328
Assets of disposal groups classified as held for sale		<u>114,290</u>	<u>-</u>
Total current assets		<u>32,917,500</u>	<u>33,081,328</u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2018

	Note s	As at 31 December	
		2018 RMB'000	2017 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	13	19,999,759	15,256,882
Other payables and accruals		6,371,768	6,359,880
Interest-bearing bank and other borrowings		3,470,114	5,999,023
Tax payable		189,399	211,244
Provision		<u>1,569,546</u>	<u>1,773,288</u>
Total current liabilities		<u>31,600,586</u>	<u>29,600,317</u>
NET CURRENT ASSETS		<u>1,316,914</u>	<u>3,481,011</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>49,763,467</u>	<u>43,187,524</u>
NON-CURRENT LIABILITIES			
Trade payables	13	1,090,612	884,593
Other payables and accruals		93,552	38,541
Interest-bearing bank and other borrowings		18,864,519	15,885,810
Deferred tax liabilities		806,843	452,420
Provision		1,982,892	2,096,893
Government grants		298,056	339,109
Derivative financial instruments		126,417	-
Deferred income		<u>25,452</u>	<u>15,157</u>
Total non-current liabilities		<u>23,288,343</u>	<u>19,712,523</u>
Net assets		<u>26,475,124</u>	<u>23,475,001</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,556,203	3,556,203
Reserves		<u>21,405,015</u>	<u>19,130,490</u>
		24,961,218	22,686,693
Non-controlling interests		<u>1,513,906</u>	<u>788,308</u>
Total equity		<u>26,475,124</u>	<u>23,475,001</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
Year ended 31 December 2018

	Attributable to owners of the parent											
	Share capital	Capital reserve	Special reserve	Statutory surplus reserve	Available-for-sale investment/ Financial assets at fair value revaluation reserve	Exchange fluctuation reserve	Other equity instruments	Hedging reserve	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	RMB'000
As at 31 December 2017	3,556,203	8,374,759	-	1,197,319	106,611	(151,365)	1,495,118	16,052	8,091,996	22,686,693	788,308	23,475,001
Effect of adoption of IFRS 9, net of tax (note 2.2)	-	(179,424)	-	-	(78,645)	-	-	-	63,183	(194,886)	-	(194,886)
As at 1 January 2018 (restated)	3,556,203	8,195,335	-	1,197,319	27,966	(151,365)	1,495,118	16,052	8,155,179	22,491,807	788,308	23,280,115
Profit for the year	-	-	-	-	-	-	-	-	3,216,604	3,216,604	65,994	3,282,598
Other comprehensive (loss)/income for the year:												
Changes in fair value of equity investment at fair value through other comprehensive loss, net of tax	-	-	-	-	(252,151)	-	-	-	-	(252,151)	-	(252,151)
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(31,556)	-	(31,556)	-	(31,556)
Share of other comprehensive loss of associates	-	(4,591)	-	-	-	-	-	-	-	(4,591)	-	(4,591)
Exchange differences on translation of foreign operations	-	-	-	-	-	(167,277)	-	-	-	(167,277)	-	(167,277)
Total comprehensive (loss)/income for the year	-	(4,591)	-	-	(252,151)	(167,277)	-	(31,556)	3,216,604	2,761,029	65,994	2,827,023
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	1,008,893	1,008,893
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	39,630	39,630
Disposal to non-controlling shareholders	-	(7,466)	-	-	-	-	-	-	-	(7,466)	7,466	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(360,553)	(360,553)
Final 2017 dividend declared	-	-	-	-	-	-	-	-	(711,241)	(711,241)	-	(711,241)
Profit appropriation to reserves	-	-	-	101,552	-	-	-	-	(101,552)	-	-	-
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(35,832)	(35,832)
Transfer to special reserve (note (i))	-	-	(59,156)	-	-	-	-	-	59,156	-	-	-
Utilisation of special reserve (note (i))	-	-	59,156	-	-	-	-	-	(59,156)	-	-	-
Capital contributions from other equity Instruments	-	-	-	-	-	-	498,500	-	-	498,500	-	498,500
Distribution of other equity instruments	-	-	-	-	-	-	-	-	(71,411)	(71,411)	-	(71,411)
At 31 December 2018	<u>3,556,203</u>	<u>*8,183,278</u>	<u>*-</u>	<u>*1,298,871</u>	<u>*(224,185)</u>	<u>*(318,642)</u>	<u>*1,993,618</u>	<u>*(15,504)</u>	<u>*10,487,579</u>	<u>24,961,218</u>	<u>1,513,906</u>	<u>26,475,124</u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2018

	Attributable to owners of the parent												
	Share capital RMB'000	Capital Reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Other equity instruments RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000	
As at 1 January 2017	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	
Profit for the year	-	-	-	-	-	-	-	-	3,054,657	3,054,657	94,150	3,148,807	
Other comprehensive income for the year:													
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	51,012	-	-	-	-	51,012	-	51,012	
Losses on disposal of available-for-sale investments, net of tax	-	-	-	-	(22,949)	-	-	-	-	(22,949)	-	(22,949)	
Cash flow hedges, net of tax	-	-	-	-	-	16,052	-	-	-	16,052	-	16,052	
Share of other comprehensive income of associates and joint ventures	-	167,926	-	-	-	-	-	-	-	167,926	-	167,926	
Gains on disposal of an associate, net of tax	-	48,953	-	-	-	-	-	-	-	48,953	-	48,953	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	23,111	-	-	23,111	-	23,111	
Total comprehensive income for the year	-	216,879	-	-	28,063	16,052	23,111	-	3,054,657	3,338,762	94,150	3,432,912	
Final 2016 dividend declared	820,662	-	-	-	-	-	-	-	(1,367,770)	(547,108)	-	(547,108)	
Profit appropriation to reserves	-	-	-	102,893	-	-	-	-	(102,893)	-	-	-	
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(36,538)	(36,538)	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	21,383	21,383	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(83,792)	(83,792)	
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	64,895	64,895	
Acquisition of non-controlling interests	-	559	-	-	-	-	-	-	-	559	(5,104)	(4,545)	
Changes in non-controlling interests due to capital injection	-	(10,672)	-	-	-	-	-	-	-	(10,672)	10,672	-	
Transfer to special reserve (note (i))	-	-	33,797	-	-	-	-	-	(33,797)	-	-	-	
Utilisation of special reserve (note (i))	-	-	(33,797)	-	-	-	-	-	33,797	-	-	-	
Distribution of other equity instruments	-	-	-	-	-	-	-	-	(71,000)	(71,000)	-	(71,000)	
As at 31 December 2017	3,556,203	* 8,374,759	-	*1,197,319	* 106,611	*16,052	*(151,365)	*1,495,118	*8,091,996	22,686,693	788,308	23,475,001	

* As at 31 December 2018, these reserve accounts comprised the consolidated other reserves of RMB21,405,015,000 (31 December 2017: RMB19,130,490,000) in the consolidated statement of financial position.

note (i) In preparation of these consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2017 and 2018, for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expenses to profit or loss when such expenses were incurred, and at the same time the corresponding amounts of special reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,682,431	3,490,556
Adjustments for:			
Finance costs	6	1,071,300	817,782
Bank interest income	4	(222,409)	(75,042)
Share of profits of joint ventures		(203,078)	(144,911)
Share of profits of associates		(63,379)	(65,400)
Depreciation	5	1,218,020	1,066,701
Amortisation of prepaid land lease payments	5	8,246	7,159
Amortisation of other intangible assets	5	126,527	50,279
Loss on disposal of items of property, plant and equipment and other intangible assets, net	5	2,456	2,942
Gain on disposal of subsidiaries	4	(313,889)	(387,778)
Gain on remeasurement of the previously held interest in acquirees at its disposal date in disposal of subsidiaries	4	(627,627)	(309,416)
Gain on disposal of investments in associates and joint ventures, net	4	(5,212)	(136,652)
Gain on disposal of available-for-sale investments	4	-	(84,036)
Gain on disposal of financial assets at fair value through profit or loss	4	(42,716)	-
Gain on remeasurement of the previously held interest in an acquiree at its acquisition-date in a step acquisition of a subsidiary	4	-	(4,297)
Dividend income from other non-current financial assets	4	(19,382)	-
Dividend income from available-for-sale investments	4	-	(21,698)
Dividend income from equity investments at fair value through other comprehensive income	4	(14,958)	-
Interest from other investments		(50,908)	(15,169)
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	4	-	(12,640)
Fair value gains on equity investments at fair value through profit or loss	4	(209,359)	-
Gains on disposal of derivative instruments			
- Transactions not qualifying as hedges	4	-	(15,244)
Impairment of trade and other receivables	5	75,554	257,933
Impairment of financial receivables	5	22,249	-
Impairment of contract assets	5	1,532	-
Impairment of other non-current financial assets	5	11	-
Reversal of write-down of inventories to net realisable value	5	(17,982)	(9,956)
Impairment of property, plant and equipment	5	17,422	11,186
Impairment of goodwill	5	11,998	-
Government grants and deferred revenue		(117,788)	(45,797)
		<u>4,329,059</u>	<u>4,376,502</u>
Increase in inventories		(869,008)	(847,911)
Increase in contract assets		(269,784)	-
Increase in trade and bills receivables		(166,155)	(1,286,460)
Increase in financial receivables		(1,741,662)	(1,512,607)
Increase in prepayments, other receivables and other assets		(1,129,135)	(181,385)
Increase in trade and bills payables		2,930,495	1,035,960
Increase in other payables and accruals		737,925	1,914,977
Decrease in provision		(317,741)	(95,701)
(Decrease)/increase in government grants and deferred income		(30,758)	88,139
Cash generated from operations		3,473,236	3,491,514
Income tax paid		(399,833)	(534,698)
Interest received		<u>51,952</u>	<u>66,633</u>
Net cash flows from operating activities		<u>3,125,355</u>	<u>3,023,449</u>

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2018

	note	2018 RMB'000	2017 RMB'000
Net cash flows from operating activities		<u>3,125,355</u>	<u>3,023,449</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(5,943,037)	(4,842,701)
Additions of prepaid land lease payments		(16,006)	(14,197)
Additions of other intangible assets		(66,840)	(48,465)
Acquisitions of subsidiaries, net of cash acquired		(995,570)	(1,804,017)
Investments in joint ventures		(213,672)	(39,725)
Investments in associates		(100,600)	(50,000)
Purchases of available-for-sale investments		-	(1,086,831)
Purchases of equity investments at fair value through other comprehensive income		(12,012)	-
		(59,730)	-
Purchases of other non-current financial assets		(136,748)	-
Proceeds from disposal of available-for-sale investments		-	355,731
Receipt of government grants for property, plant and equipment		-	57,585
Proceeds from disposal of items of property, plant and equipment and other intangible assets		4,345	4,548
		1,156,169	-
Disposals of subsidiaries, net of cash disposed of		(83,805)	245,369
		437,719	62,089
Decrease in pledged deposits		572,550	175,062
Interest received		7,415	362
Dividend received from available-for-sale investments		-	10,763
Dividend received from other non-current financial assets		4,622	-
Dividend received from joint ventures and associates		95,923	121,503
Dividend received from equity investments at fair value through other comprehensive income		10,101	-
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(5,691)	(2,223)
		(383,011)	(291,115)
Cash and cash equivalents included in assets held for sale		-	(20,814)
Cash (to) /from other investments		(386,034)	69,129
Net cash flows used in investing activities		<u>(6,113,912)</u>	<u>(7,097,947)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		12,527,203	8,139,078
Repayment of bank and other borrowings		(10,918,454)	(3,327,343)
Increase in an amount due to the non-controlling shareholders		1,022	2,216
Increase in loans to jointly-controlled entities and associates		10,400	-
Interest paid		(1,120,935)	(802,514)
Acquisitions of non-controlling interests		-	(4,545)
Capital contributions from non-controlling shareholders		1,008,893	64,895
Dividend paid		(805,209)	(654,646)
Proceeds from issuance of perpetual securities, net of issuance costs		498,500	-
Payments of corporate bonds issue expense		-	(35,251)
Net cash flows from financing activities		<u>1,201,420</u>	<u>3,381,890</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,787,137)	(692,608)
Cash and cash equivalents at beginning of year		6,746,183	7,526,463
Effect of foreign exchange rate changes, net		52,971	(87,672)
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	<u>5,012,017</u>	<u>6,746,183</u>

1. CORPORATE AND GROUP INFORMATION

Xinjiang Goldwind Science & Technology Co., Ltd. is a joint stock company with limited liability established 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 "Directors"), the Company has no controlling shareholders

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 derivative financial instruments, wealth management products 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 2018. 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 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to IFRS 1 and IAS 28

Except for the amendments to IFRS 4 and *Annual Improvements 2014-2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) Amendments to IFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.
- (b) IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b)(continued)

Classification and measurement (continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

		IAS 39 measurement	Re- classification	ECL	other	IFRS 9 measurement	
	Notes	Category	Amount RMB'000	Amount RMB'000	Amount RMB'000	Amount RMB'000	Category
<u>Financial assets</u>							
Equity investments designated at fair value through other comprehensive income		N/A	-	695,268	-	(56,385)	638,883 FVOCI ¹ (equity)
From: Available-for-sale investments	(i)		695,268	-	-		
Available-for-sale investments		AFS ²	2,218,210	(2,218,210)	-	-	- N/A
To: Equity investments designated at fair value through other comprehensive income	(i)		(695,268)	-	-		
To: Financial assets at fair value through profit or loss	(ii)		(1,522,942)	-	-		
Financial assets at fair value through profit or loss		N/A	-	1,522,942	-	2,024	1,524,966 FVPL ⁵
From: Available-for-sale investments	(ii)		1,522,942	-	-		
Financial assets included in prepayments, other receivables and other assets		L&R ³	1,241,939	(255,115)	(31,162)	-	955,662 AC ⁴
To: Other non-current financial assets	(iv)		(255,115)	-	-		
Other non-current financial assets		N/A	-	305,111	(305)	-	304,806 AC
From: Held-to-maturity investments	(iv)		49,996	-	-		
From: Financial assets included in prepayments, other receivables and other assets	(iv)		255,115	-	-		
Held-to-maturity investments		AC	49,996	(49,996)	-	-	- N/A
To: Other non-current financial assets			(49,996)	-	-		
Pledged deposits		L&R	1,086,555	-	-	-	1,086,555 AC
Trade and bills receivables	(iii)	L&R	19,372,363	-	(130,062)	-	17,195,363 AC
						2,046,938	FVOCI (debt)
Financial receivables		L&R	5,034,227	-	(4,976)	-	5,029,251 AC
Cash and cash equivalents		L&R	6,756,114	-	-	-	6,756,114 AC
			35,759,404	-	(166,505)	(54,361)	35,538,538

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Classification and measurement (continued)

		IAS 39					IFRS 9	
	Notes	Category	<u>measurement</u> Amount RMB'000	Re- classification RMB'000	ECL RMB'000	Other RMB'000	<u>measurement</u> Amount RMB'000	Category
<u>Other assets</u>								
Contract assets	(iii)		3,085,322	- (	2,920)	-	3,082,402	
Deferred tax assets			<u>1,601,385</u>	-	<u>28,900</u>	-	<u>1,630,285</u>	
		-	<u>4,686,707</u>	-	<u>25,980</u>	-	<u>4,712,687</u>	
<u>Financial liabilities</u>								
Trade and bills payables		AC	16,141,475	-	-	-	16,141,475	AC
Financial liabilities included in other payables and accruals		AC	987,101	-	-	-	987,101	AC
Interest-bearing bank and and other borrowings		AC	<u>21,884,833</u>	-	-	-	<u>21,884,833</u>	AC
			<u>39,013,409</u>	-	-	-	<u>39,013,409</u>	
<u>Other liabilities</u>								
Deferred tax liabilities			452,420	-	-	-	452,420	

¹ FVOCI: Financial assets at fair value through other comprehensive income

² AFS: Available-for-sale investments

³ L&R: Loans and receivables

⁴AC: Financial assets or financial liabilities at amortised cost

⁵ FVPL: Financial assets at fair value through profit or loss

Notes:

(i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.

(ii) The Group has classified its equity investments previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as be designated by managements in IFRS 9.

As of 1 January 2018, the Group has assessed its wealth management products which had previously been classified as AFS investments. The Group has classified these investments as financial assets at fair value through profit or loss.

(iii) The gross carrying amounts of the trade receivables and the contract assets under the column "IAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of IFRS 15 but before the measurement of ECLs. Further details of the adjustments for the adoption of IFRS 15 are included in note 2.2(c) to the financial statements.

(iv) The Group has classified its non current investments at amortised cost as other non-current financial assets, including corporate bonds, debt investment.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b)(continued)

Impairment

The following table reconciles the aggregate opening impairment allowances under IAS 39 to the ECL allowances under IFRS 9. Further details are disclosed in notes 10 and 11 to the financial statements.

	Impairment allowances under IAS 39 at 31 December 2017 RMB'000	Re-measurement before tax RMB'000	ECL allowances under IFRS 9 at 1 January 2018 RMB'000
Trade receivables	1,058,213	130,062	1,188,275
Financial receivables	-	4,976	4,976
Contract assets	-	2,920	2,920
Financial assets included in prepayments, other receivables and other assets	10,192	31,162	41,354
Other non-current financial assets	-	305	305
	<u>1,068,405</u>	<u>169,425</u>	<u>1,237,830</u>

Hedge accounting

The Group has applied hedge accounting under IFRS 9 prospectively. At the date of initial application of IFRS 9, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Before the adoption of IFRS 9, the Group designated the change in fair value of the entire foreign currency swap, power price swap and interest rate swap contracts in its cash flow hedge relationships. Upon adoption of IFRS 9, the Group continues to designate the entire foreign currency swap contracts, foreign currency swap, interest rate swap contracts in the cash flow hedge relationships. Under IAS 39, all gains and losses recorded in the cash flow hedge reserve were eligible to be subsequently reclassified to the statement of profit or loss when the hedged items affected profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change was only applied prospectively from the date of initial application of IFRS 9 and has had no impact on the presentation of comparative figures. The adoption of the hedge accounting requirements of IFRS 9 has had no impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b)(continued)

Impact on reserves and retained profits

The impact of transition to IFRS 9 on reserves and retained profits is as follows:

	Reserves and retained profits
	RMB'000
<u>Fair value reserve under IFRS 9</u>	
<u>(capital reserve and available-for-sale investment revaluation reserve under IAS 39)</u>	
Balance as at 31 December 2017 under IAS 39	8,481,370
Remeasurement of equity investments designated at fair value through other comprehensive income previously measured at cost under IAS 39	(56,385)
Reclassification of financial assets from available-for-sale investments to financial assets at fair value through profit or loss	(201,684)
Balance as at 1 January 2018 under IFRS 9	<u>8,223,301</u>
<u>Retained profits</u>	
Balance as at 31 December 2017 under IAS 39	8,091,996
Recognition of ECLs for contract assets under IFRS 9	(2,920)
Recognition of ECLs for trade receivables under IFRS 9	(130,062)
Recognition of ECLs for other receivables under IFRS 9	(31,162)
Recognition of ECLs for financial receivables under IFRS 9	(4,976)
Recognition of ECLs for other non-current financial assets under IFRS 9	(305)
Remeasurement of equity investments designated at fair value through profit or loss previously measured at cost under IAS39	2,024
Reclassification of available-for-sale investments to financial assets at fair value through profit or loss	201,684
Deferred tax in relation to the above	<u>28,900</u>
Balance as at 1 January 2018 under IFRS 9	<u>8,155,179</u>

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in notes 3 and 5 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

The Group's principal activities consist of the manufacture and sale of wind turbine generators, wind power generation and other wind power services. The adoption of IFRS 15 has had no impact on the performance of the Group because of the reasons as described below:

- (1) The Group sells wind turbine generators and promises to provide warranties to the wind turbine generators. Under IFRS 15, the warranties will be considered as service-type warranties which are separate performance obligations. Revenue allocated to the service-type warranties will be recognised over the period during which the services are provided. The accounting treatment under IFRS 15 is generally consistent with the current practice of the Group, since the Group has accounted for the revenue from the wind turbine generators and service-type warranties separately and deferred the recognition of the revenue allocated to the service-type warranties.
- (2) The Group develops and operates wind farms to generate wind power, and make sales to external electricity power grid companies. The contracts with customers for the sales of electricity generally include one performance obligation. Revenue is recognised upon power transmission, and measured based on the volume of wind power transmitted and the applicable fixed tariff rates. The accounting treatment under IFRS 15 is generally consistent with the current practice of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	Notes	Increase/(decrease) RMB'000
Assets		
Inventories	(i)	(57,289)
Financial receivables	(ii)	(161,681)
Trade and bill receivables	(iii)	(2,866,352)
Contract assets	(i) (ii) (iii)	<u>3,085,322</u>
Total assets		<u>-</u>
Liabilities		
Other payables, advance from customers and accruals	(iv)	(4,640,917)
Other payables and accruals -contract liabilities	(iv)	<u>4,640,917</u>
Total Liabilities		<u>-</u>

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

		Amounts prepared under		Increase/ (decrease) RMB'000
	Notes	IFRS 15 RMB'000	previous IFRS RMB'000	
Assets				
Inventories	(i)	4,996,682	5,266,466	(269,784)
Financial receivables	(ii)	7,674,071	8,355,647	(681,576)
Trade and bills receivables	(iii)	16,895,231	19,856,518	(2,961,287)
Contract assets	(i) (ii) (iii)	<u>3,912,647</u>	<u>-</u>	<u>3,912,647</u>
Total assets		<u>33,478,631</u>	<u>33,478,631</u>	<u>-</u>
Liabilities				
Other payables and accruals	(iv)	2,402,857	6,465,320	(4,062,463)
Other payables and accruals -contract liabilities	(iv)	<u>4,062,463</u>	<u>-</u>	<u>4,062,463</u>
Total liabilities		<u>6,465,320</u>	<u>6,465,320</u>	<u>-</u>

The nature of the adjustments as at 1 January 2018 and the reasons for the changes in the statement of financial position as at 31 December 2018 are described below:

(i) Construction services

Before the adoption of IFRS 15, contract costs were recognised as an asset provided it was probable that they would be recovered. Such costs represented an amount due from the customers and were recorded as inventories in the statement of financial position before the construction services were billed to customers. Upon the adoption of IFRS 15, a contract asset is recognised when the Group performs by transferring goods or services to customers and the Group's right to consideration is conditional. Accordingly, the Group reclassified RMB57,289,000 from inventories to contract assets as at 1 January 2018.

As at 31 December 2018, the adoption of IFRS 15 resulted in a decrease in inventories of RMB269,784,000 and an increase in contract assets of RMB269,784,000.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

(ii) Construction services in accordance with IFRIC 12

Before the adoption of IFRS 15, if the entity has an unconditional contractual right to receive cash or another financial asset, the service element that relates to the construction in progress is accounted for in accordance with IFRIC 12 as financial receivables. Upon the adoption of IFRS 15 financial receivables are reclassified to contract assets. Accordingly, the Group reclassified RMB161,681,000 from financial receivables to contract assets as at 1 January 2018.

As at 31 December 2018, the adoption of IFRS 15 resulted in a decrease in financial receivables of RMB681,576,000 and an increase in contract assets of RMB681,576,000.

(iii) Retention receivables

Before the adoption of IFRS 15, Retention receivables were conditional on the satisfaction of the product quality by the customers over a certain period as stipulated in the contracts and were included in trade receivables. Upon adoption of IFRS 15, retention receivables are reclassified to contract assets. Accordingly, the Group reclassified RMB2,866,352,000 from trade receivables to contract assets as at 1 January 2018.

As at 31 December 2018, the adoption of IFRS 15 resulted in a decrease in trade receivables of RMB2,961,287,000. and an increase in contract assets of RMB2,961,287,000.

(iv) Consideration received from customers in advance

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance and amounts due to contract customers as other payables. Under IFRS 15, the amount is classified as contract liabilities which are included in other payables and accruals.

Therefore, upon adoption of IFRS 15, the Group reclassified RMB4,640,917,000 from other payables to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance and amounts due to contract customers as at 1 January 2018.

As at 31 December 2018, under IFRS 15, RMB4,062,463,000 was reclassified from other payables to contract liabilities in relation to the consideration received from customers in advance for the sale of industrial products and the provision of construction service.

- (d) Amendments to IAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.
- (e) IFRIC 22, provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

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;
- (a) 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
- (b) the others segment mainly engages in the operation of water treatment plants under the service concession arrangements and finance leasing services which comprise 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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax.

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

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NOTES TO FINANCIAL STATEMENTS
31 December 2018

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2018

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 4):						
Sales to external customers	22,168,536	1,647,494	3,903,991	870,286	-	28,590,307
Intersegment sales	<u>1,753,911</u>	<u>1,065,412</u>	<u>-</u>	<u>43,660</u>	<u>(2,862,983)</u>	<u>-</u>
Total revenue	23,922,447	2,712,906	3,903,991	913,946	(2,862,983)	28,590,307
Segment results						
Interest income	974,231	74,450	2,937,424	511,804	33,413	4,531,322
Interest income	285,417	3,814	116,057	74,758	(257,637)	222,409
Finance costs	<u>(182,012)</u>	<u>-</u>	<u>(969,135)</u>	<u>(65,568)</u>	<u>145,415</u>	<u>(1,071,300)</u>
Profit before tax	<u>1,077,636</u>	<u>78,264</u>	<u>2,084,346</u>	<u>520,994</u>	<u>(78,809)</u>	<u>3,682,431</u>
Segment assets	<u>55,876,476</u>	<u>2,981,644</u>	<u>45,458,844</u>	<u>16,320,362</u>	<u>(39,273,273)</u>	<u>81,364,053</u>
Segment liabilities	<u>34,693,821</u>	<u>1,417,923</u>	<u>32,281,067</u>	<u>9,595,052</u>	<u>(23,098,934)</u>	<u>54,888,929</u>
Other segment information:						
Share of profits and losses of:						
Joint ventures	126	-	236,045	(33,093)	-	203,078
Associates	16,161	(183)	14,075	33,326	-	63,379
Depreciation and amortisation	233,133	26,632	1,148,799	70,137	(97,974)	1,380,727
Reversal of write-down of inventories, net	(17,982)	-	-	-	-	(17,982)
Impairment of trade and other receivables, net	26,305	48,916	(2,628)	2,961	-	75,554
Impairment of contract assets, net	676	856	-	-	-	1,532
Impairment of other non-current financial assets, net	-	-	11	-	-	11
Impairment of financial receivables, net	-	-	20,320	1,929	-	22,249
Impairment of property, plant and equipment	-	-	17,422	-	-	17,422
Impairment of goodwill	-	-	11,998	-	-	11,998
Product warranty provision	688,207	-	-	-	(21,775)	666,432
Investments in joint ventures	15,891	-	2,664,565	449,920	(62,038)	3,068,338
Investments in associates	172,021	8,383	193,184	227,024	(8,558)	592,054
Capital expenditure ⁽¹⁾	356,159	7,515	5,960,845	951,323	(215,307)	7,060,535

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NOTES TO FINANCIAL STATEMENTS
31 December 2018

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017

	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	19,345,998	2,056,618	3,247,362	320,857	-	24,970,835
Intersegment sales	<u>1,646,833</u>	<u>537,052</u>	<u>-</u>	<u>10,342</u>	<u>(2,194,227)</u>	<u>-</u>
Total revenue	20,992,831	2,593,670	3,247,362	331,199	(2,194,227)	24,970,835
Segment results						
Interest income	1,456,977	78,457	2,401,632	238,992	57,238	4,233,296
Interest income	228,862	4,796	18,479	42,144	(219,239)	75,042
Finance costs	<u>(100,010)</u>	<u>-</u>	<u>(835,874)</u>	<u>(14,572)</u>	<u>132,674</u>	<u>(817,782)</u>
Profit before tax	<u>1,585,829</u>	<u>83,253</u>	<u>1,584,237</u>	<u>266,564</u>	<u>(29,327)</u>	<u>3,490,556</u>
Segment assets	<u>49,618,994</u>	<u>3,178,156</u>	<u>42,568,078</u>	<u>7,966,214</u>	<u>(30,543,601)</u>	<u>72,787,841</u>
Segment liabilities	<u>28,794,241</u>	<u>1,674,328</u>	<u>31,593,463</u>	<u>4,413,564</u>	<u>(17,162,756)</u>	<u>49,312,840</u>
Other segment information:						
Share of profits and losses of:						
Joint ventures	180	-	136,170	8,561	-	144,911
Associates	1,605	339	38,339	25,117	-	65,400
Depreciation and amortisation	198,641	20,369	1,034,835	6,732	(121,071)	1,139,506
Impairment of write-down of inventories	16,030	-	-	-	-	16,030
Reversal of write-down of inventories	(25,986)	-	-	-	-	(25,986)
Reversal of impairment of trade and other receivables	(183,603)	(11,548)	-	-	-	(195,151)
Impairment of trade and other receivables	408,300	7,744	37,040	-	-	453,084
Impairment of property, plant and equipment	-	-	11,186	-	-	11,186
Product warranty provision	932,871	-	-	-	26,513	959,384
Investments in joint ventures	3,589	-	1,325,635	555,507	(82,137)	1,802,594
Investments in associates	113,193	8,567	308,810	199,956	(42,375)	588,151
Capital expenditure ⁽¹⁾	532,878	31,760	5,709,424	319,912	170,717	6,764,691

⁽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

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3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Mainland China	26,541,974	22,883,092
Overseas	<u>2,048,333</u>	<u>2,087,743</u>
	<u>28,590,307</u>	<u>24,970,835</u>

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

(b) Non-current assets

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Mainland China	31,138,057	25,917,724
United States of America	1,871,819	1,398,614
Australia	1,984,488	1,177,692
Panama	633,652	656,476
Germany	515,011	478,808
Other countries/regions	<u>1,037,079</u>	<u>22,397</u>
	<u>37,180,106</u>	<u>29,651,711</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 2018, revenue of approximately RMB3,597,330,000 (for the year ended 31 December 2017: RMB 2,887,061,000) was derived from sales by wind turbine generator manufacturing and sale segment to a single customer, including sales to a group of entities which are known to be under common control with that customer, which individually accounted for over 10% of the Group's total revenue.

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4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>	28,331,755	-
Sale of wind turbine generators and wind power components	-	19,345,998
Wind power generation	-	3,247,362
Wind power services	-	2,056,618
Others	-	320,857
<i>Revenue from other sources</i>		
Finance lease service	<u>258,552</u>	<u>-</u>
	<u>28,590,307</u>	<u>24,970,835</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	Wind turbine generator manufacturing and sale	Wind farm development	Wind power services	Others	Total
Type of goods or services					
Sale of wind turbine generators and wind power components	22,168,536	-	-	-	22,168,536
Wind power generation	-	3,903,991	-	-	3,903,991
Wind power services	-	-	1,647,494	-	1,647,494
Water treatment service and others	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,734</u>	<u>611,734</u>
Total revenue from contracts with customers	<u>22,168,536</u>	<u>3,903,991</u>	<u>1,647,494</u>	<u>611,734</u>	<u>28,331,755</u>
Geographical markets					
Mainland China	20,780,302	3,620,632	1,270,754	611,734	26,283,422
Other Countries/regions	<u>1,388,234</u>	<u>283,359</u>	<u>376,740</u>	<u>-</u>	<u>2,048,333</u>
Total revenue from contracts with customers	<u>22,168,536</u>	<u>3,903,991</u>	<u>1,647,494</u>	<u>611,734</u>	<u>28,331,755</u>
Timing of revenue recognition					
Goods transferred at a point in time	22,168,536	3,903,991	-	29,774	26,102,301
Services transferred over time	<u>-</u>	<u>-</u>	<u>1,647,494</u>	<u>581,960</u>	<u>2,229,454</u>
Total revenue from contracts with customers	<u>22,168,536</u>	<u>3,903,991</u>	<u>1,647,494</u>	<u>611,734</u>	<u>28,331,755</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December 2018
	RMB'000
Sale of wind turbine generators and wind power components	3,143,438
Construction services	982,383
Others	<u>16,849</u>
	<u>4,142,670</u>

4. REVENUE, OTHER INCOME AND GAINS(continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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

Sale of wind turbine generators and wind power components

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

Wind power generation

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

Wind power services

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

Others

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

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

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4. REVENUE, OTHER INCOME AND GAINS(continued)

<u>Other income and gains</u>	Year ended 31 December	
	2018 RMB'000	2017 RMB'000
Bank interest income	222,409	75,042
Dividend income from available-for-sale investments	-	21,698
Dividend income from financial assets at fair value through other comprehensive income	14,958	-
Dividend income from other non-current financial assets	19,382	-
Gross rental income	10,542	5,680
Government grants	177,719	186,696
Value-added tax refund	100,295	113,495
Insurance compensation on product warranty expenditures	230,880	195,273
Provision of technical service	11,751	6,611
Cash discounts granted	2,267	3,063
Gain on disposal of subsidiaries	313,889	387,778
Gain on remeasurement of the previously held interest in acquirees at its disposal date in disposal of subsidiaries	627,627	309,416
Gain on disposal of available-for-sale investments	-	84,036
Gain on disposal of financial assets at fair value through profit or loss	42,716	-
Gain on disposal of items of property, plant and equipment and other intangible assets	7,083	511
Gain on remeasurement of the previously held interest in an acquiree at its acquisition - date in a step acquisition of a subsidiary	-	4,297
Gain on disposal of associates and joint ventures, net	5,212	136,652
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	-	12,640
Fair value gains on equity investments at fair value through profit or loss	209,359	-
Gain on disposal of derivative instruments:		
Derivative instruments – transactions not qualifying as hedges	-	15,244
Others	<u>77,074</u>	<u>72,933</u>
	<u>2,073,163</u>	<u>1,631,065</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	
		2018 RMB'000	2017 RMB'000
Cost of inventories sold		18,023,683	14,529,128
Cost of services provided		1,326,588	1,744,471
Cost of wind power generation		1,403,009	1,109,496
Cost of others		<u>493,230</u>	<u>122,022</u>
		<u>21,246,510</u>	<u>17,505,117</u>
Depreciation (note (a)) provided for:			
Property, plant and equipment		1,213,688	1,063,804
Investment properties		<u>4,332</u>	<u>2,897</u>
		<u>1,218,020</u>	<u>1,066,701</u>
Amortisation of prepaid land lease payments (note (b))		8,246	7,159
Amortisation of other intangible assets (note (b))		<u>126,527</u>	<u>50,279</u>
		<u>134,773</u>	<u>57,438</u>
Impairment of trade receivables	10	534,601	448,430
Reversal of impairment of trade receivables	10	<u>(485,320)</u>	<u>(195,151)</u>
		<u>49,281</u>	<u>253,279</u>
Impairment of other receivables		36,403	4,654
Reversal of impairment of other receivables		<u>(10,130)</u>	<u>-</u>
		<u>26,273</u>	<u>4,654</u>
Impairment of contract assets	11	2,168	-
Reversal of impairment of contract assets	11	<u>(636)</u>	<u>-</u>
		<u>1,532</u>	<u>-</u>
Impairment of other non-current financial assets		114	-
Reversal of impairment of other non-current financial assets		<u>(103)</u>	<u>-</u>
		<u>11</u>	<u>-</u>
Impairment of financial receivables		22,249	-
Impairment of write-down of inventories		18,092	16,030
Reversal of write-down of inventories		<u>(36,074)</u>	<u>(25,986)</u>
		<u>(17,982)</u>	<u>(9,956)</u>
Impairment of property, plant and equipment		17,422	11,186
Impairment of goodwill		11,998	-
Loss on disposal of items of property, plant and equipment and other intangible assets, net		2,456	2,942
Lease expenses under operating leases of land and buildings (note (c))		68,182	27,813
Auditor's remuneration		9,442	8,606

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5. PROFIT BEFORE TAX (continued)

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

		Year ended 31 December	
	Notes	2018 RMB'000	2017 RMB'000
Employee benefit expenses (note (d)) (including Directors' and supervisors' remuneration):			
Wages and salaries		1,782,573	1,482,588
Pension scheme contributions (note (e))		128,894	115,902
Welfare and other expenses		<u>393,604</u>	<u>247,693</u>
		<u>2,305,071</u>	<u>1,846,183</u>
Research and development costs:			
Staff costs		596,623	494,826
Amortisation and depreciation		67,216	60,924
Materials expenditure and others		<u>398,186</u>	<u>445,508</u>
		<u>1,062,025</u>	<u>1,001,258</u>
Government grants (note (f))	4	(177,719)	(186,696)
Value-added tax refund	4	(100,295)	(113,495)
Product warranty provision:			
Additional provision		1,459,497	1,584,518
Reversal of unutilised provision		<u>(793,065)</u>	<u>(625,134)</u>
		<u>666,432</u>	<u>959,384</u>
Insurance compensation on product warranty expenditures	4	(230,880)	(195,273)
Foreign exchange differences, net	4	53,864	(16,614)
Cash discounts granted	4	(2,267)	(3,063)
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	4	-	(12,640)
Fair value gains on equity investments at fair value through profit or loss	4	(209,359)	-
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	4	1,254	4,164
Dividend income from available-for-sale investments	4	-	(21,698)
Dividend income from financial assets at fair value through other comprehensive income	4	(14,958)	-
Dividend income from other non-current financial assets	4	(19,382)	-
Bank interest income	4	(222,409)	(75,042)
Gain on disposal of subsidiaries, including wind farm project companies	4	(313,889)	(387,778)
Gain on remeasurement of the previously held interest in acquirees at its disposal date in disposal of subsidiaries	4	(627,627)	(309,416)
Gain on disposal of available-for-sale investments	4	-	(84,036)
Gain on disposal of financial assets at fair value through profit or loss	4	(42,716)	-
Gain on disposal of items of property, plant and equipment and other intangible assets	4	(7,083)	(511)
Gain on remeasurement of the previously held interest in an acquiree at its acquisition-date in a step acquisition of a subsidiary	4	-	(4,297)
Gain on disposal of derivative instruments:			
Derivative instruments – transactions not qualifying as hedges	4	-	(15,244)
Gain on disposal of associates and joint ventures, net	4	(5,212)	(136,652)

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5. PROFIT BEFORE TAX (continued)

Notes:

- (a) Depreciation of approximately RMB1,085,886,000 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 2018 (for the year ended 31 December 2017: RMB945,251,000).
- (b) Amortisation of prepaid land lease payments and other intangible assets of approximately RMB70,399,000 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 2018 (for the year ended 31 December 2017: RMB25,861,000).
- (c) Lease expenses under operating leases of land and buildings of approximately RMB17,537,000 are 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 2018 (for the year ended 31 December 2017: RMB11,453,000).
- (d) Employee benefit expenses of approximately RMB185,367,000 are 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 2018 (for the year ended 31 December 2017: RMB178,343,000).
- (e) As at 31 December 2018, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (31 December 2017: Nil).
- (f) Most government grants have been received for setting up research activities. 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.

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6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Interest on bank loans and other borrowings	1,106,912	865,363
Less: Interest capitalised	(35,612)	(47,581)
	<u>1,071,300</u>	<u>817,782</u>

7. INCOME TAX EXPENSE

The Company and four subsidiaries of the Company have been identified as “high and new technology enterprises” and were entitled to preferential income tax at a rate of 15% for the years ended 31 December 2018 and 2017 in accordance with the PRC Corporate Income Tax Law.

Certain subsidiaries of the Company in Mainland China, which were established after 1 January 2008 and are engaged in public infrastructure projects including wind farm and urban water treatment projects, are each entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from the respective years when operating income is generated for the first time.

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

Certain subsidiaries of the Company in Mainland China were taxed at a preferential rate of 15% primarily due to their status as entities engaging in development projects supported by the government in the western region of the PRC.

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

Certain subsidiaries of the Company in overseas countries are subject to corporate income tax at a rate varying from 10% to 35%.

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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	
	2018	2017
	RMB'000	RMB'000
Current		
- Hong Kong	26,141	20,467
- Mainland China	229,831	353,784
- Elsewhere	<u>28,731</u>	<u>47,032</u>
	284,703	421,283
Deferred	<u>115,130</u>	(79,534)
Tax charge for the year	<u>399,833</u>	<u>341,749</u>

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7. INCOME TAX EXPENSE (continued)

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

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Profit before tax	<u>3,682,431</u>	<u>3,490,556</u>
Tax at the statutory tax rate of 25%	920,608	872,639
Effect of different income tax rates for overseas entities	7,722	(5,005)
Effect of the preferential income tax rates for domestic entities	(364,004)	(288,284)
Tax losses not recognised	99,893	13,707
Tax losses utilised from previous periods	(1,169)	(4,176)
Effect of not recognised deferred tax assets due to asset impairment	7,344	1,858
Income not subject to tax	(160,751)	(81,992)
Expenses not deductible for tax	34,739	2,695
Additional tax deduction for research and development expenditure	(80,717)	(115,161)
Profits attributable to joint ventures	(50,770)	(36,228)
Profits attributable to associates	(15,845)	(16,350)
Others	<u>2,783</u>	<u>(1,954)</u>
Tax charge for the year at the effective rate of 10.9% (2017: 9.8%)	<u>399,833</u>	<u>341,749</u>

8. DIVIDENDS

For the year ended 31 December 2018. The board of Directors proposed to distribute cash dividends of RMB2.50 (tax included) per each 10 shares on share capital of 4,225,067,647 without conversion of the capital reserve. The company's H share right issue has not been completed, and the final dividends distribution will be calculated based on the total share capital of the company after H share right issue.

At the annual general meeting held on 12 June 2018, the company's shareholders approved the payment of the final dividend for the year end 31 December 2017 of RMB2 (tax included) per 10 ordinary share which amounted to RMB711,241,000.

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

For those financial instruments classified as equity, if the distributions are cumulative, the undeclared amounts of the cumulative distributions were deducted in arriving at earnings for the purposes of the basic earnings per share calculation. On the other hand, if the distributions are non-cumulative, only the amount of dividends declared in respect of the year should be deducted in arriving at the profit attributable to ordinary equity holders.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

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

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	3,216,604	3,054,657
Less: distribution relating to the medium-term notes (i)	(71,411)	(71,000)
Profit used to determine basic and diluted earnings per share	<u>3,145,193</u>	<u>2,983,657</u>
Weighted average number of ordinary shares in issue ('000)	<u>3,556,203</u>	<u>3,556,203</u>
Basic and diluted earnings per share (expressed in RMB per share)	<u>0.88</u>	<u>0.84</u>

(i) The long-term option-embedded medium-term notes (the "Perpetual Medium-term Notes") issued by the Company in May 2016, September 2016 and December 2018 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The interest from the Perpetual Medium-term Notes which has been generated but not yet declared, during the year of 2018 and 2017, was deducted from earnings when calculating the earnings per share for the years ended 31 December 2018 and 31 December 2017.

10. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Trade receivables	16,048,239	18,383,638
Bills receivable	2,072,226	2,046,938
Provision for impairment	(1,225,234)	(1,058,213)
	16,895,231	19,372,363
Portion classified as non-current assets	-	(2,324,143)
Current portion	<u>16,895,231</u>	<u>17,048,220</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

10. TRADE AND BILLS RECEIVABLES (continued)

As part of its normal business, the Group endorsed or discounted bills receivable accepted by banks, bills receivable is held within a business model whose objective is achieved by both collecting contractual cash flows and selling bills receivable. Therefore, from 1 January 2018, the Group has classified bills receivable presented in trade and bills receivable as at 31 December 2018 amounting RMB2,072,226,000 as financial assets measured at fair value through other comprehensive income.

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

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 3 months	6,912,184	7,822,649
3 to 6 months	2,114,803	3,330,321
6 months to 1 year	2,787,902	2,296,535
1 to 2 years	3,036,094	2,316,191
2 to 3 years	928,533	1,863,915
Over 3 years	<u>1,115,715</u>	<u>1,742,752</u>
	<u>16,895,231</u>	<u>19,372,363</u>

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

	Note	Year ended 31 December	
		2018	2017
		RMB'000	RMB'000
As at 31 December 2017		1,058,213	808,014
Adjustment upon adoption of IFRS 9		<u>130,062</u>	-
As at 1 January 2018 (restated)		1,188,275	808,014
Impairment losses recognised	5	534,601	448,430
Impairment losses reversed	5	(485,320)	(195,151)
Amounts written off as uncollectible		(25,263)	(5,556)
Acquisition of a subsidiary		12,387	4,339
Disposal of a subsidiary		-	(693)
Exchange realignment		<u>554</u>	<u>(1,170)</u>
As at 31 December 2018		<u>1,225,234</u>	<u>1,058,213</u>

10. TRADE AND BILLS RECEIVABLES (continued)

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based ageing of the balances for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

Collectively impaired

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Individually impaired	86.32%	<u>217,568</u>	<u>187,805</u>
Collectively impaired			
Within 6 months	0.13%	7,094,902	9,032
6 months to 1 year	0.75%	2,659,422	19,871
1 to 2 years	4.84%	3,200,532	155,041
2 to 3 years	9.06%	1,022,280	92,622
Over 3 years	41.05%	<u>1,853,535</u>	<u>760,863</u>
	6.55%	<u>15,830,671</u>	<u>1,037,429</u>
Total	7.63%	<u>16,048,239</u>	<u>1,225,234</u>

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 was a provision for individually impaired trade receivables of RMB222,912,000 with a carrying amount before provision of RMB278,080,000.

The individually impaired trade receivables as at 31 December 2017 related 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 as at 31 December 2017 that are were not individually nor collectively considered to be impaired under IAS 39 is as follows:

	As at 31 December 2017 RMB'000
Neither past due nor impaired	10,359,112
Less than 6 months past due	<u>3,988,974</u>
	<u>14,348,086</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 had a good track record with the Group. Based on past experience, the Directors were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

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10. TRADE AND BILLS RECEIVABLES (continued)

The amount due from beneficial shareholders, Xinjiang Wind Power Company Limited (“Xinjiang Wind Power”) (新疆風能有限責任公司) and China Three Gorges New Energy Co., Ltd.(中國三峽新能源有限公司), and the amounts due from the Group’s joint ventures and associates included in the Group’s trade and bills receivables are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Beneficial shareholders of the Company	1,421,423	1,126,813
Joint ventures	737,228	75,489
Associates	<u>7,680</u>	<u>131,313</u>
	<u>2,166,331</u>	<u>1,333,615</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.

As at 31 December 2018, the Group’s trade receivables amounting to RMB3,429,623,000 (31 December 2017: RMB3,036,028,000) were pledged to secure certain of the Group’s bank loans.

As at 31 December 2018, bills receivable amounting to RMB23,954,000 were pledged to secure bank loans (31 December 2017: RMB364,300,000).

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11. CONTRACT ASSETS

		31 December 2018 RMB'000	1 January 2018 RMB'000	31 December 2017 RMB'000
Contract assets arising from:				
Retention receivables on the sale of wind turbines	(i)	2,964,288	2,866,352	-
Construction services	(ii)	271,236	57,289	-
Services concession arrangement	(iii)	<u>681,575</u>	<u>161,681</u>	-
		3,917,099	3,085,322	-
Impairment		<u>(4,452)</u>	<u>(2,920)</u>	-
		3,912,647	3,082,402	-
Portion classified as non-current assets		<u>(3,005,214)</u>	<u>(2,485,824)</u>	-
Current portion		<u>907,433</u>	<u>596,578</u>	-

- (i) The Group normally allows a credit period of not more than three months to its customers. For retention money receivables, the due dates usually range from two to five years after the completion of commissioning for wind turbines.
- (ii) Contract assets are initially recognised for revenue earned from the provision of construction services. Upon billing of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.
- (iii) Before the adoption of IFRS 15, if the entity has an unconditional contractual right to receive cash or another financial asset, the service element that relates to the construction in progress is accounted for in accordance with IFRIC 12 as financial receivables. Upon the adoption of IFRS 15, financial receivables are reclassified to contract assets.

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11. CONTRACT ASSETS (continued)

The expected timing of recovery or settlement for contract assets as at 31 December 2018 is as follows:

	As at 31 December 2018 RMB'000
Within one year	907,433
More than one year	<u>3,005,214</u>
Total contract assets	<u>3,912,647</u>

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

	Note	Year ended 31 December 2018 RMB'000
At beginning of year		-
Effect of adoption of IFRS 9		<u>2,920</u>
At beginning of year (restated)		2,920
Impairment losses, net	5	<u>1,532</u>
At end of year		<u>4,452</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	As at 31 December 2018
Expected credit loss rate	0.11%
	RMB'000
Gross carrying amount	3,917,120
Expected credit losses	4,452

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12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December 2018 RMB'000	2017 RMB'000
Cash and bank balances	4,903,096	5,431,994
Time deposits	<u>276,837</u>	<u>2,410,675</u>
	5,179,933	7,842,669
Less: Pledged time deposits - pledged for:		
- Bank loans	(27,164)	(3,387)
- Letters of credit	(6,750)	(10,032)
- Guarantee issued	(4,386)	(470,000)
- Provision for risk	(113,995)	(103,136)
- Others	<u>-</u>	<u>(500,000)</u>
	(<u>152,295</u>)	(<u>1,086,555</u>)
Cash and cash equivalents in the consolidated statement of financial position	5,027,638	6,756,114
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(<u>15,621</u>)	(<u>9,931</u>)
Cash and cash equivalents in the consolidated statement of cash flows	<u>5,012,017</u>	<u>6,746,183</u>
Pledged deposits	152,295	1,086,555
Portion classified as non-current assets	(<u>113,995</u>)	(<u>103,136</u>)
Current portion	<u>38,300</u>	<u>983,419</u>
Cash and cash equivalents and pledged deposits denominated in:		
- RMB	3,671,962	4,938,940
- Australian dollar	612,817	177,929
- United States dollar	522,300	2,266,629
- Euro	249,758	313,967
- Hong Kong dollar	15,644	109,336
- Other currencies	<u>107,452</u>	<u>35,868</u>
	<u>5,179,933</u>	<u>7,842,669</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 ninety days depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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13. TRADE AND BILLS PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Trade payables	14,868,880	11,475,753
Bills payable	<u>6,221,491</u>	<u>4,665,722</u>
	21,090,371	16,141,475
Portion classified as non-current liabilities (i)	<u>(1,090,612)</u>	<u>(884,593)</u>
Current portion	<u>19,999,759</u>	<u>15,256,882</u>

- (i) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 31 December 2018 and 2017.

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.

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13. TRADE AND BILLS PAYABLES (continued)

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

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 3 months	13,808,826	10,909,780
3 to 6 months	3,799,108	3,038,854
6 months to 1 year	1,516,255	461,290
1 to 2 years	845,241	807,451
2 to 3 years	541,662	489,493
Over 3 years	<u>579,279</u>	<u>434,607</u>
	<u>21,090,371</u>	<u>16,141,475</u>

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

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Beneficial shareholders of the Company	237	-
Joint ventures	4,442	-
Associates	<u>309,870</u>	<u>213,289</u>
	<u>314,549</u>	<u>213,289</u>

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

Management Discussion and Analysis

OVERVIEW

In 2018, the world economy continued to grow moderately, but the pace of economic growth slowed down. Except that the United States economic performance exceeded market expectations, the economic growth of the Euro zone and Japan declined. The rise of protectionism, the escalation of trade tensions, and geopolitical factors have intensified the uncertainty of economic development. According to data released by IFM in October 2018, the forecast for global economic growth in 2018 is lowered from 3.9% to 3.7%.

In the intricate international environment, the Chinese government has persisted in promoting high-quality development, and the supply-side structural reform has been further advanced. The national economy has shown overall a stable, steady and positive growth. According to the National Bureau of Statistics, the GDP in 2018 exceeded RMB 90 trillion, marking a year-on-year increase of 6.6%, and the growth rate ranked first among the top five economies in the world. According to the *World Economic Situation and Prospects of 2019* issued by the United Nations, the contribution rate of the Chinese economy to the world economic growth in 2018 is close to 30%.

According to global wind power statistics released by the Global Wind Energy Council, the global installed capacity of wind power market in the year 2018 exceeded 51.29GW, and the cumulative installed capacity in the world reached 591GW. In 2018, China's newly installed onshore wind capacity still ranked the first across the globe with an installed capacity of 21.2GW. China accounted for 41.33% of the global installed capacity, and was followed by the United States (7.59GW, 14.8%) and Germany (2.40GW, 4.68%). The three countries that have the most offshore wind installations are China (1.8GW), the United Kingdom (1.3GW) and Germany (0.97GW).

During the reporting period, China's electricity demand continued to grow, power production continued the trend of green and low-carbon, and non-fossil energy generation increased rapidly. According to the statistics of China Electricity Council and the National Energy Administration, the total electricity consumption of the whole country in 2018 was 6.84 trillion kWh, marking an increase of 8.5%. The national installed capacity of power generation was 1.90 billion kilowatts, showing a year-on-year increase of 6.5%, of which installed capacity of non-fossil energy was 770 million kilowatts, an increase of 2 percentage points year-on-year, to 40.8% of the total installed capacity. Total national power generation was 6.99 trillion kWh, of which non-fossil energy generation capacity was 2.16 trillion kWh, accounting for 30.4% of the total power generation, marking a year-on-year increase of 11.1%.

In 2018, newly grid-connected wind installations were 20.59 million kW. Wind power generation capacity was 366 billion kWh, accounting for 5.2% of total power generation, which has increased 0.4 percentage points on a year-on-year basis. National wind power utilization was 2,095 hours, representing an increase of 147 hours year-on-year. Average wind curtailment rate was 7%, which has decreased 5 percentage points year-on-year, and the wind curtailment problem was significantly eased.

MAIN POLICIES REVIEW

2018 is the turning point for China's "13th Five-Year Plan" to achieve energy and low carbon transformation. In order to ensure a non-fossil energy focus target, promote the transformation and upgrade of the energy structure, and promote the sustainable and healthy development of renewable energy represented by wind power, the country has successively issued a number of policies during the year to optimize energy supply security capacity and consumption structure. The year witnessed steady reduction of energy consumption and significant improvement of the efficiency of the industry. The trend of stable development and high-quality improvement has been further consolidated.

1. Strengthening the Supervision and Guidance of Renewable Energy to Ensure the Orderly Development of the Industry

On February 26, 2018, the National Energy Administration issued the "Guidelines for Energy Work in 2018" (《2018 年能源工作指導意見》), which proposes to strengthen the monitoring and early warning mechanism for wind and solar power investment, build key wind power base projects in an orderly manner, and promote distributed wind power, low wind speed wind power and offshore wind power. *Guidelines* also prompted the construction of

grid parity demonstration projects and the study and formulation of roadmaps for true parity. *Guidelines* plans 25 million kW and 20 million kW for newly constructed and newly installed wind power projects, respectively. It aims for 20 million kW projects to conduct preliminary work.

On April 3, 2018, the National Energy Administration issued the "Interim Administrative Measures for the Development and Construction of Distributed Wind Power Projects" (《分散式風電項目開發建設暫行管理辦法》), which clearly requires all local governments to simplify the approval process for distributed wind power projects, to establish a simple and efficient regulatory work mechanism, and to encourage trial project approval commitments. The distributed wind power project's on-grid electricity is purchased by the grid enterprises with the local wind power on-grid price benchmarks; the project location is encouraged to carry out pilot projects for market-oriented reforms for distributed wind power.

In June and July 2018, the State Council issued the "Opinions on Strengthening Ecological Environment Protection and Resolutely Fighting for Pollution Prevention and Pollution Control" (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的意見》) and the "Three-Year Action Plan to Win the Blue Sky Defence War" (《打贏藍天保衛戰三年行動計劃》). The State Council proposes to increase the use of clean energy, broaden the channels for clean energy consumption, and implement a indemnificatory purchase policy for renewable energy power generation. The policies further emphasize that by 2020, the goal is to make non-fossil energy account for 15% of total energy consumption.

On September 19, 2018, the National Energy Administration issued the "Notice on Combing the Information on Wind and Solar Power Projects since the 12th Five-Year Plan" (《關於梳理“十二五”以來風電、光伏發電項目信息的通知》), requiring that wind power projects do not meet the requirements be abolished in a timely manner, and the owners of approved yet uncommenced projects should promise a time to commence construction; and the solar and wind power projects owners should determine whether they need to apply for national renewable energy subsidies.

2. Promoting Renewable Power Consumption through Guidance, Control and Various Other Measures

On March 5, 2018, the National Energy Administration issued the "2018 Wind Power Investment Monitoring and Early Warning Results" (《2018年度風電投資檢測預警結果》), which lists Gansu, Xinjiang (including the Corps), and Jilin as the red warning areas. In the above areas, new project approval and grid connection were suspended in 2018 in order to guide the industrial investment and ease wind curtailment.

On October 30, 2018, the National Development and Reform Commission and the National Energy Administration jointly issued the "Notice on Printing and Distributing the Clean Energy Consumption Action Plan (2018-2020)" (《關於印發〈清潔能源消納行動計劃(2018-2020)〉的通知》), clearly stating that by 2020, the national average wind power utilization rate will be among the top tier globally (to strive to achieve a rate of 95%), the wind curtailment rate will be controlled within a reasonable level (strive to control it within 5%), and the problem of clean energy consumption will be fundamentally solved. At the same time, the policy gives guidance and support in terms of planning management, market-oriented transactions, and clean energy consumption.

In March, September and November 2018, respectively, the National Energy Administration and the General Office of the National Development and Reform Commission issued the "Renewable Energy Power Quota and Assessment Measures (Draft for Comment)" (《可再生能源電力配額及考核辦法(徵求意見稿)》) for three times, clarifying the distribution of renewable energy by provincial administrative regions. The proportion index of power consumption, the quotas of renewable energy power consumption of various provinces (autonomous regions and municipalities) and the non-hydropower renewable energy power quota indicators of provinces (autonomous regions and municipalities) are all divided into compulsory and incentive indicators. The third consultation draft clearly states that the quota assessment will be officially commenced on January 1, 2019.

3. Continuing to Improve the Mechanism of Gradual Phase-out of Feed-in tariff (FiTs) and Grant Subsidies to Implement Indemnificatory Renewable Energy Purchase

On May 18, 2018, the National Energy Administration issued the "Notice on the Relevant Requirements for Wind Power Construction Management in 2018" (《關於2018年度風電建設管理有關要求的通知》), clarifying that new centralized onshore wind power projects in the provinces (autonomous regions and municipalities) that have not yet issued the 2018 wind power construction plan and newly approved centralized onshore wind power projects permitted after the beginning of 2019 in all provinces (autonomous regions and municipalities) will be allocated

and determined the on-grid tariffs through competitive bidding. The policy is favourable to the healthy development of the wind power industry, promoting the solution of wind power subsidies and consumption problems, and is favourable to promoting the technologies of equipment manufacturing, as well as selecting the superior and eliminating the inferior.

On June 11, 2018, the Ministry of Finance, the National Development and Reform Commission and the Energy Bureau jointly issued the "Notice on Publishing the Catalogue of Subsidies for Renewable Energy (Seventh Batch)" (《關於公布可再生能源電價附加資金補助目錄（第七批）》), which includes more than 55 GW of renewable energy power generation projects, including wind power, solar power, biomass, etc.

On September 13, 2018, the National Energy Administration issued the "Notice on Accelerating the Work on Speeding up the Wind Power and Solar Power True Parity (Draft for Comment)" (《關於加快推進風電、光伏發電平價上網有關工作的通知（徵求意見稿）》), which was officially released by the National Development and Reform Commission and the Energy Bureau on January 7, 2019 as the "Notice on Accelerating the Work on Speeding up the Wind Power and Solar Power True Parity (Draft for Comment)" (《關於加快推進風電、光伏發電平價上網有關工作的通知》). It proposes that the construction of true parity and low-price pilot projects are not subject to annual construction scale restrictions; local governments is prohibited to collect any form of resource transfer fee and other fees for related projects; grid enterprises should guarantee priority power generation and indemnificatory renewable energy purchase, while encouraging true parity projects and low-cost projects to receive reasonable income compensation through green certificate transactions; and that power grid enterprises should prepare network construction. The policy also encourages relevant projects to carry out power market transactions, and reduce and exempt transmission and distribution prices and charges for direct transactions. The government and power grid enterprises are asked to solidly promote local consumption of true-parity and low-priced projects and the delivery of trans-provincial and trans-regional transmission channels. In addition, the policy provides support in terms of financial innovation, early warning management, and assessment mechanisms.

4. Power Market Reform Continuing to Promote Energy Structural Adjustment

On March 20, 2018, the National Energy Administration issued the "Circular on Soliciting Opinions on the Management of Distributed Power Generation (Draft for Comment)" (《關於徵求分布式發電管理辦法（徵求意見稿）意見的函》). For distributed power generation projects that are connected to the grid and whose power generation is locally absorbed, the policy clarifies measures related to construction and management regulations, grid access, market transactions, operational management, and supervision measures, in order to promote distributed power market mechanisms and business model innovation, and to promote the sustainable and healthy development of distributed wind power.

On April 27, 2018, the National Energy Administration issued the "Notice of the National Energy Administration on Further Promoting the Work Related to Power Generation Transactions" (《國家能源局關於進一步促進法電權交易有關工作的通知》), which calls for the optimization and adjustment of the power industry structural optimization. In principle, the clean energy generator set will replace the inefficient and highly-polluting thermal power generating units. At the same time, the policy encourages clean energy generator sets to replace each other. Power generation enterprises should independently and voluntarily participate in power generation rights transactions, sign and perform trading contract and mutual insurance agreement in accordance with the "Basic Rules for Medium- and Long-Term Electricity Transactions" (《電力中長期交易基本規則》) and other relevant provisions, on the basis of safeguarding their own power and electricity consumption.

On July 16, 2018, the National Development and Reform Commission and the National Energy Administration issued the "Notice on Actively Promoting Power Market-based Transactions to Further Improve the Trading Mechanism" (《關於積極推進電力市場後交易 進一步完善交易機制的通知》), clearly supporting power users and clean energy power generation enterprises such as hydropower, wind power, solar power, and nuclear power. It urges the formation of market-based transactions and the establishment of a clean energy quota system to promote clean energy consumption.

On November 8, 2018, the National Energy Administration issued the "Notice on Improving and Completing the Pilot Work Mechanism for the Construction of the Power Spot Market" (《關於健全完善電力現貨市場建設試點工作機制的通知》), requesting that the pilot program for the construction of the spot market be accelerated. The pilot area should, in principle, carries out the spot pilot simulation test run before the end of June 2019.

INDUSTRY REVIEW

Under the influence of the above-mentioned policies, the national wind power industry continued to develop steadily in 2018. Wind curtailment and curtailment rate both went down, and new energy consumption improved significantly. The National Development and Reform Commission and the National Energy Administration have actively introduced guiding policies. The paths of wind power cost reduction and the phase-out of feed-in tariffs are becoming clearer, and the competitiveness of the wind power industry is expected to increase significantly. With the industry becoming more mature, efficient market competition has also promoted the continuous optimization of the wind power industry.

1. Orderly Development of the Wind Power Industry

In 2018, the national wind power developed stably and healthily. According to data from the National Energy Administration, by the end of 2018, the cumulative grid-connected capacity of wind power in China reached 184 million kilowatts, accounting for 9.7% of the total installed capacity of power generation in China. Wind power generation capacity was 366 billion kWh, accounting for 5.2% of all domestic power generation. In 2018, the average utilization of wind power in the country was 2,095 hours, marking an increase of 147 hours year-on-year. Wind power curtailment was 27.7 billion kWh, showing a year-on-year decrease of 14.2 billion kWh. Average wind curtailment rate was 7%, representing a decrease of 5 percentage points year-on-year. Among them, the areas with a wind curtailment rate of more than 8% were Xinjiang (23%), Gansu (19%), Inner Mongolia (10%), and the curtailment of wind power in the three provinces (regions) contributed 84% of China's total wind curtailment. According to the red warning mechanism, some provinces are expected to be removed from the red warning list in 2019, and the traditional wind power areas will continue to release market demand.

2. Actively Guiding Industrial Policies and Driving Wind Power Cost Reduction & Efficiency Improvement

In recent years, the state has issued a series of supporting policies to drive the continuous reduction of costs and improvement of efficiency in the wind power industry, and to lead the gradual and orderly evolvement of wind power to low subsidy or even no subsidy. The National Development and Reform Commission successively implemented the guidance adjustments on the renewable energy feed-in tariff mechanism in 2014 and 2016. The on-grid tariff for the wind power benchmark in the first-tier wind resource zone was adjusted from 0.51 yuan/kWh to 0.4 yuan/kWh. The tariff in the second-tier wind resource zone has been adjusted from 0.54 yuan to 0.45 yuan/kWh. The on-grid tariff of wind power benchmarks in the third-tier resource area has been adjusted from 0.58 yuan/kWh to 0.49 yuan/kWh. The tariff price of wind power benchmarks in the fourth-tier resource area was adjusted to 0.57 yuan/kWh from 0.61 yuan/kWh.

With the large-scale development of wind power generation and the rapid advancement of technology in the whole industry, the ability of the wind power industry to compete with traditional energy sources has been continuously enhanced. According to data from the China Wind Energy Association, the average cost of China's wind farm projects has been reduced by about 20-35% between 2008 and 2018, and the cost control capability of wind power is gradually improving. At present, in areas with superior wind resource, consumption market protection, and good investment environment, wind power is able to connect to the grid with coal-fired power on-grid price (no national subsidies required), proving that there are no technical obstacles to true parity.

3. Continuous Optimization of Competition Pattern and Industrial Structure

Under the guidance of the national "13th Five-Year" renewable energy development goals, the market players in all segments of the wind power industry will continue to enhance the grid friendliness and comprehensive competitiveness of wind power through technological advancement and business model iteration, and the equipment products will be more reliable and efficient. Wind farm development should pay more attention to load-side consumption and full-cycle asset efficiency improvement, and market entities jointly promote the sustainable development of wind power industry. According to the Wind Energy Association, in the past five years, the market share of the top five suppliers in the wind turbine equipment market has increased from 54% in 2013 to 67% in 2018, and the market consolidation has helped with cost reduction. In the past ten years, the number of wind farm developers has increased from 38 in 2008 to more than 100 in 2018. This diversified structure will contribute to the market development of the wind power industry and accelerate the cost competitiveness of wind power.

At the same time, with the accelerated reform of the national electricity market, the relevant mechanisms for power spot trading and cross-provincial power generation trading continued to improve, and the incremental distribution network construction and microgrid technology gradually matured. With its characteristics such as flexible, low-

carbon and recyclable, renewable energy is expected to take the lead in generating new business models and formats against the backdrop of energy Internet, further enhancing its comprehensive competitiveness and promoting the low-carbon transformation of the national energy structure.

BUSINESS REVIEW

I. Overview

In 2018, under the impetus of a series of policies such as the national quota system, green certificate, subsidy phase-out, and competitive bidding, the competition in the wind power industry has become increasingly fierce. Owing to the Company's anticipation of the trend of true parity and the effective implementation of response strategy, the effect of the Company's strategy in the main business sector, industrial chain, new energy field has been demonstrated. The Company's market strategies that is led by technological innovation, and targeted in cost reduction and efficiency improvement, have also built the backbone for the Company's sales revenue and profit growth.

For the financial year ended 31 December 2018, the Group's operating revenue was RMB28,590.31 million, representing an increase of 14.49% YoY. Net profit attributable to the parent company was RMB3,216.60 million, representing an increase of 5.30% YoY. The Company's wind power market share ranked the first domestically, with a market share of more than 30%; the Company's order backlog reached a record-high level, reaching 18GW, marking an increase of 16.27% year-on-year.

i. WTG R&D, Manufacturing and Sales

According to Bloomberg New Energy Finance, Goldwind has added 6.7GW of domestic installed capacity (including 400MW offshore) in 2018, with a market share of 32%. It ranked the first in China for eight consecutive years and the second in the world.

As of the end of the reporting period, the Company's global cumulative installed capacity exceeded 50GW (31,000 units), of which China's cumulative installed capacity exceeded 48GW (more than 30,000 units). Cumulative installed capacity exceeded 2GW overseas (more than 1,000 units).

1. Product Manufacturing and Sales

During the Reporting Period, the Group's revenue from the sales of WTGs and components was RMB22,168.54 million, representing an increase of 14.59% YoY. The Group realized external sales of 5,861.00 MW, an increase of 15.34% YoY, the WTGs sales volumes of model 2.0MW has a significant increase, the share of sales volumes increases to 74.39% from 59.67% in 2017.

The following table provides the details of the Group's WTG sales volumes in 2018 and 2017:

Model	2018		2017		Change in Capacity Sold
	Unit Sold	Capacity Sold (MW)	Unit Sold	Capacity Sold (MW)	
6.0MW	9	54.00	–	–	–
3.0MW	114	342.00	15	45.00	660.00%
2.5MW	298	745.00	551	1,377.50	-45.92%
2.0MW	2,180	4,360.00	1,516	3,032.00	43.80%
1.5MW	240	360.00	418	627.00	-42.58%
Total	2,841	5,861.00	2,500	5,081.50	15.34%

During the reporting period, the Company's order backlog increased steadily. As of December 31, 2018, the Company's external contract orders were 12,852.35 MW, which included 296.1 MW of 1.5 MW unit (including 1.65 MW), 4,562 MW of 2.0 MW unit, 1,936 MW of 2.2 MW unit, 1,214.4 MW of 2.3 MW unit, 3,565 MW of 2.5 MW unit, 357 MW of 3.0MW unit, 188.1 MW of 3.3MW unit, 149.6 MW of 3.4MW unit, 150.5 MW of 3.5MW unit, 212.85MW of 6.45MW unit, 212.8MW of 6.65MW unit, 8MW of 8.0MW unit. The Company had 5657.6MW unsigned orders, which included: 49.5 MW of 1.5 MW unit, 1,300 MW of 2.0 MW unit, 1573 MW of 2.2 MW unit, 552 MW of 2.3 MW unit, 1,605 MW of 2.5 MW unit, 459 MW of 3.0 MW unit, 115.6 MW of 3.4 MW unit, and 3.5 MW unit of 3.5 MW unit. External orders totaled 18,509.95 MW.

2. R&D and Certification

Scientific and technological innovation are the core driving forces for corporate development. Driven by technological innovation to drive enterprise development and introduce differentiated products that can add value to customers, it is the key to maintain industry leadership and achieve high quality development. During the reporting period, the Company integrated the resources and technical advantages of the seven global R&D centers, optimized and upgraded the existing R&D platforms and products according to the market and customer needs, and combined the key technology applications in various fields of WTGs with the optimization and upgrade of the software and hardware.

During the reporting period, the Company continued to promote the research and development of GW2S, GW2.5S, GW3S and GW6S series units. The GW131/2.2MW unit launched by the Company's 2S platform is the first in the industry to complete high voltage ride-through test, and has been certified with an international type certificate and started supply in a large scale. The serialized unit under this platform has multi-impeller diameter, multi-tower height (form), and more. The technical characteristics of variable power and multiple control modes can respond to the complex and diverse needs of the market.

The "Double140" (GW140-2.5MW-140mHH) unit launched by Goldwind 2.5S platform is the world's first 2.5MW product with impeller diameter and tower height of 140 meters, and has been type-certified by third-party authorities. The unit is a large-capacity, low-speed product launched after GW130/2500, which expands the coverage of the 2.5S product line to the market segment.

The GW3S platform has been continuously upgraded and optimized from the aspects of flexible capacity, life management strategy, tower serial configuration strategy, unit intelligence, and power generation improvement. The platform's first GW140/3400 unit received DNV type certificate and was named the world's best onshore model by *Windpower Monthly*. The GW155/3300 unit was launched, which was mainly designed for the low and medium wind speed onshore market. It can be customized to configure different types of towers. It effectively supports the GW3S platform to achieve coverage of the entire wind zone, providing a solution for higher power generation performance and adaptability for the development of domestic low wind speed resources. The first GW3.0MW(S) platform intelligent WTG completed its hoisting and grid connection in the United States during the reporting period, marking that the design standard of Goldwind's new generation of intelligent complete machine products fully meets the design requirements of North America. The GW136/4200 unit upgrades the rated capacity of the platform product to more than 4MW.

Goldwind's lab was approved to join Intertek's "Satellite Program", becoming the first laboratory in the wind power industry to pass the Intertek satellite program, marking another milestone in the field of wind power testing.

a. Product Certificate

In 2018, Goldwind received 50 type certificates, of which international certificates was six. These certificates covered Goldwind's 2S to 6S product platform. In order to better suit the needs of different regions, Goldwind has further tried to obtain certificates for products that adapt to different environments, such as low-temperature or high-altitude adaptive WTGs. It has obtained 80 design certificates for towers.

b. Property Rights and Standard-setting

Goldwind continues to attach importance to R&D and innovation investment, and actively protects its core technologies through intellectual property rights. The number of patent applications at home and abroad has gradually increased, and the patent application structure has been continuously optimized.

In 2018, Goldwind filed 941 new patent applications, 228 new overseas patent applications, 188 new software copyright applications, and 150 new domestic trademark applications. There were 553 new patents granted in China,

26 new authorized patents overseas, 21 newly approved registered trademarks in China, and 4 newly approved registered trademarks overseas.

3. Quality Control

The company attaches great importance to the quality of wind turbine products, adheres to the "quality and efficiency" notions, formulates quality strategy, and combines 20 years of experience in WTG R&D and manufacturing to explore and gradually form a "wind power long-run" quality management model. The Company improves the quality of wind turbine products from five dimensions: cultural leadership, technology innovation, leadership-driven, wholly excellent supply chain, and customer experience. During the reporting period, the Company implemented quality benchmarking activities and completed the selection of one quality benchmark supplier, 10 product quality benchmarks and 39 other demonstration projects during the year. To achieve high-quality management of project quality, the Company launched a senior customer quality manager training camp. The Company also organized supplier quality credit evaluation activities, covering quality benchmarking, precise delivery, lean input, etc., to promote its product quality and to optimize project management.

During the reporting period, Goldwind won the Nomination Award of the third "China Quality Award" and the "National Quality Benchmark" honorary title issued by China Quality Association. Goldwind's Dafeng Assembly Plant, Hami Yandun 7th District Wind Farm, Tianyuan Science and Technology Shanxi Shenchu Project won the five-star on-site management award in the "National Site Management Star Rating" evaluation activity organized by China Quality Association.

ii. Wind Power Services

With the continuous growth of domestic wind power installed capacity, business opportunities in the service market have arrived. The traditional evaluation indicators based on internal revenues are gradually replaced by levelized cost of energy (LCOE). Goldwind has long established the strategic positioning of being a wind power solution provider and aimed to reduce costs, enhance market competitiveness, and create value for customers. In terms of business layout, it extends vertically to the industry chain, providing customers with services such as pre-tech development consulting, financing services, EPC engineering services, and life-cycle asset management for wind power projects.

Based on the big data platform, Goldwind's digital wind farm overall solution includes self-developed customizable, intelligent direct-drive WTGs, including New Freemeso, GoldFarm, SOAM™, EFarm, Power Nest, Resmart and other systems and technologies, which help to improve power generation and equipment reliability, reduce cost, and continuously improve the comprehensive competitiveness of wind energy. During the reporting period, the Smart Wind Farm Operation and Management Platform (SOAM) achieved large-scale commercialization, with new orders exceeding 60 million yuan, an increase of more than 50% year-on-year. User-side integrated energy management system currently has more than 297 customers and 312 sites and has initially established data analysis capabilities such as load forecasting and power diagnosis.

Goldwind together with State Grid Qinghai Electric Power Company and other cooperative organizations jointly set up Qinghai New Energy Big Data Innovation Platform to provide green power for Qinghai Province's "9-Day Green Power" event. 6 new energy stations will use remote monitoring through the platform. This is a new practice of zero-emission electricity consumption and maximization of clean energy consumption, and is a further exploration of the domestic energy transformation path.

As of the end of the reporting period, the Company's operation and maintenance service team provided construction, operation and maintenance services and technical support for more than 33,000 units and about 1,000 wind farms worldwide, and approximately 20,000 units were connected to the Goldwind Global Monitoring Center. The domestic and foreign operating wind farm service projects volume is 6,968MW, of which non-Goldwind projects account for 39%, increasing for 70.93% YoY. During the Reporting Period, revenue from the Wind Power Services business segment was RMB 1,647.49 million.

iii. Wind Farm Investment and Development

With the continuous improvement of wind curtailment, the Company's wind farm investment and development business achieved good results during the reporting period. The power transaction volume and power generation revenue continued to increase. The installed capacity of the grid and the projects to be built continued to grow steadily. The number of utilization hours exceeds the industry average.

During the Reporting Period, the Group's revenue from power generation was RMB3,903.99 million, showing an increase of RMB656.63 million YoY. The market trading volume accounted for 6.9% of the Company's total electricity production volume

During the reporting period, the Company added 780.90MW of grid-connected capacity in the domestic grid, and added 721.3MW of attributable grid-connected capacity. The capacity of wind farm projects under construction was 2,411.6MW, of which 1,540.04MW was attributable. In 2018, the approved domestic new capacity was 889MW, and the domestically approved yet undeveloped attributable capacity at the end of 2018 was 2,012.21MW. The average utilization of WTGs exceeds 2,200 hours.

In recent years, the scale of the Company's business has continued to expand, and the volume the wind farm asset management platform manages has continued to increase. At present, the Company manages its own wind farm installed capacity of more than 4.7 million kW. It also actively develops corresponding strategies for the management of existing wind farm assets, relies on the data center and digital platform established by the company, and uses laser radar, Efarm and other technologies to achieve live monitoring of power curve, asset management efficiency management and profitability enhancement.

With the continuous advancement of the power market reform, the mode of fixed-on-grid power prices has gradually phased out, and the price of power outside the indemnificatory renewable energy purchase has entered the market. In terms of promoting market-oriented power trading, the Company currently has six power-selling companies to ensure the price of electricity through the establishment of power-supply companies in technology and management, and to ensure the price of electricity through the power market. The Company is devoted to managing investment income from a full life cycle perspective in order to maximize the return on investment during the entire life cycle for customers.

iv. Promotion of "Offshore and Overseas" Strategy

Under the guidance of the "two seas" strategy, the overseas and offshore businesses were smoothly boosted in 2018, which played an active and important role in strengthening the Company's market leading position of the wind power industry and in expanding market share and brand influence.

In 2018, in the context of the accelerated development of offshore wind power in China, Goldwind continuously strengthened the construction of offshore wind power technology, engineering and talent team-building, providing customers with high-reliability WTGs, accurate wind farm resource assessment, intelligent hoisting, and operation and maintenance plan. Focusing on offshore wind power projects, the Company pursues the optimal electricity cost plan and creates a three-dimensional integrated solution for "offshore wind turbines, offshore engineering, and offshore operation and maintenance". Among them, GW154-6.7MW and GW171-6.45MW products launched by GW6S platform have successively obtained type certificates and started mass application. On this basis, the GW184-6.45MW, GW168-6.45MW and GW168-8.0MW series units were further upgraded. These products not only take advantage of the technical advantages of Goldwind's permanent magnet direct-drive (PMDD) technology, but also carry out special adaptation studies on the complex marine environment. This entitles the Company with regional-targeted adaptation models that adapt to various climatic conditions, from low-temperature and low wind speed in the north, low wind speed in the middle intertidal zone, to high-temperature, typhoon and high wind speed in the south. They played a leading and demonstrating role for resource intensive utilization.

During the reporting period, the Company achieved business breakthroughs in various overseas markets and international customer development. The AKSU RES project signed by the Company in Turkey became its first overseas 3S customer order. Mataraca project's first non-Goldwind WTG generator replacement work was completed in Brazil and the WTG successfully connected to the grid for power generation. The Company also signed new generator supply and service agreement with the project owner, providing technical renovation and operation and maintenance services for 223 wind turbines for its 14 wind farms. WTGs for Chilik (Kazakhstan) 5MW wind power project and 32 GW121-2.5MW WTGs of the Punta Sierra project in Chile were all hoisted and entered their commercial operation periods. In terms of international major customer expansion, Goldwind International Holdings (Hong Kong) Limited has made to the supplier list of five major international customers: EDF R, Engie, E.ON, Enel Green Power and EDPR. In the reporting period, the Company received 13 tender invitations from major customers. With a total capacity of 4.2GW, in December 2018, as the exclusive WTG supplier of EDPR, the Company participated in the bidding of the Greek Aerorachi project (14MW) and was successful in the bidding.

As of the end of the reporting period, the Company had invested in 1.5GW attributable wind power projects, with a total project capacity of 1.34 GW and an attributable capacity of 1.22 GW under construction. Installed capacity of the completed overseas wind farms was 739 MW and the attributable capacity was 303.1 MW.

During the reporting period, the Group achieved international sales revenue of RMB 2,048.33 million.

v. Water Treatment Business

In August 2018, the State Council issued the "Opinions on Strengthening Ecological Environment Protection and Resolutely Fighting for Pollution Prevention and Pollution Control" (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的意見》), arranging "Efforts to Fight for Clean Water" and "Fighting the Battle of Black and Stinky Waters in Cities" to promote the three-year action plan of "quality and efficiency improvement" of sewage treatment. It will speed up the recovery of short-term sewage collection and treatment in urban areas, and fully cover, fully collect and fully deal with sewage water as soon as possible. The water industry will also usher in a period of rapid development.

The exploration and practice of Goldwind's water treatment business are aimed at realizing the combination of environmental water technology and new energy technology, and actively promote the development and transformation of water treatment business. The "Smart Water Plant Energy Solution" launched by the Company covers the entire energy consumption process of the water plant from the power generation side, the power supply to the load side, and the energy operation and maintenance, so as to realize the water plant energy usage and intelligent management in a more precise and dynamic way. Distributed energy can make full use of the clean energy resources of the water plant's territory and reduce the energy cost. It conducts aeration precisely, undertaking on-demand aeration based on big data and ensuring that the water reaches the standard while reducing energy consumption. The Company purchases and sells electricity to assist the water plants with enjoying the benefit of new energy policies. With intelligent energy efficiency system, it is easy to achieve visual monitoring of water plant energy consumption and high efficiency management.

The second phase expansion and upgrading project of Hannan Maosha Wastewater Treatment Plant undertaken by the Company won the honor of "Huanghelou Cup" and "Municipal Engineering Gold Award" of Wuhan construction engineering safety civilization demonstration project, and won the silver award in 2018 "Hubei Municipal Demonstration Project".

The first phase of the distributed solar project of Beijing Drainage Group, "Qinghe Reclaimed Water Plant Distributed Solar Project" was officially put into operation in November 2018. The project is an important cooperation between Goldwind and Beijing Drainage Group in the field of green smart energy. It aims to transform the traditional sewage treatment plant into an "energy water plant" and a "resource water plant", leading the transformation of intelligent water treatment industry.

By the end of 2018, the Company's cumulative water treatment business scale exceeded 3 million tons per day, showing an increase of 80%. The Company owned 52 water treatment projects, including 46 sewage projects, 4 water supply projects, 1 sludge project, and 1 outsourcing project.

During the reporting period, the water business realizes a sales revenue of RMB 581.96 million, representing an increase of 259.90% as compared with the same period of last year and a net profit of RMB114.43 million, representing an increase of 40.70% over the same period of last year.

vi. Major Subsidiaries

As at 31 December 2018, the Group had 344 subsidiaries, which included 39 directly owned subsidiaries and 305 indirectly owned subsidiaries. In addition, we had 18 joint ventures, 24 associated companies and held 25 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 2018

Unit: RMB

No.	Company Name	Registered	Total Assets	Net Assets	Revenue of	Net Profits
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	Capital (RMB ten thousand, unless otherwise stated)			Principal Businesses	Attributable to the Company
Beijing Goldwind					
1 Science & Creation					
Wind Power Equipment Co., Ltd.	99,300.00	6,669,269,551.37	1,480,572,822.41	5,570,657,953.05	73,727,387.85
Jiangsu Goldwind					
2 Technology Co., Ltd.	75,961.00	4,861,710,203.09	1,490,472,924.11	3,684,530,222.29	84,379,277.26
Beijing Techwin					
3 Electric Co., Ltd.	10,000.00	6,003,381,692.35	1,513,525,759.84	2,978,246,308.55	243,710,102.11
Beijing Tianrun New					
4 Energy Investment Co., Ltd.	555,000.00	30,460,076,544.25	10,753,085,092.85	3,587,377,777.83	2,103,363,107.35
Goldwind					
5 Investment Holding Co., Ltd.	100,000.00	1,914,325,118.91	1,717,041,623.59	-	182,175,588.59
Goldwind					
Environmental					
6 Science &					
Technology Co., Ltd.	100,000.00	5,251,238,693.15	1,253,208,215.36	579,694,592.15	90,216,437.23
Tianxin International					
7 Finance Lease Co., Ltd.	USD3,000	5,433,948,228.74	623,313,629.66	301,172,705.08	134,894,841.27

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 2018, revenue from operations for the Group was RMB28,590.31 million, representing an increase of 14.49% compared with RMB 24,970.84 million for the financial year ended 31 December 2017. Net profit attributable to owners of the Company was RMB3,216.60 million, representing an increase of 5.30% compared with RMB 3,054.66 million for the financial year ended 31 December 2017. The Group reported basic earnings per share of RMB 0.88.

The following table provides Group's major financial indicators:

	Year ended 31 December		Change (percentage points)
	2018	2017	
Profitability Index			
Sales margin	11.25%	12.23%	-0.98 percentage points
Return on investment index			
Weighted average return on net assets ♦	14.03%	15.04%	-1.01 percentage points

◆ 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 2018, revenue from operations for the Group was RMB28,590.31 million, representing an increase of 14.49% compared with RMB 24,970.84 million for the financial year ended 31 December 2017. Details are set out below:

Unit: RMB thousand				
	Year ended 31 December		Amount	Percentage
	2018	2017	Change	Change
WTG Manufacturing	22,168,536	19,345,998	2,822,538	14.59%
Wind Power Services	1,647,494	2,056,618	(409,124)	-19.89%
Wind Farm Investment and Development	3,903,991	3,247,362	656,629	20.22%
Other	870,286	320,857	549,429	171.24%
Total	28,590,307	24,970,835	3,619,472	14.49%

The increase in operating revenue of the Group was mainly attributable to: (i) the steady development of China's wind power industry in 2018 and the high market recognition of the Group's products drive the sales volume of WTGs growth; (ii) with the increase of wind farms capacity of the Group officially entering the operation stage, and the situation of curtailment of wind power is improved, the revenue produced from power generation increased significantly; (iii) as this Group's investment in the field of innovation business continued to increase, the investment effect had been initially apparent. The sales revenue of water business increased significantly during the reporting period.

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
	2018	2017	Change	Change

Raw materials and components	19,672,809	16,779,302	2,893,507	17.24%
Labour	217,167	178,343	38,824	21.77%
Depreciation and amortisation	1,156,284	971,112	185,172	19.07%
Other production costs	1,652,844	1,712,694	(59,850)	-3.49%
Changes in inventories and transferred assets	(1,452,594)	(2,136,334)	683,740	-32.01%
Total	21,246,510	17,505,117	3,741,393	21.37%

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
	2018	2017	Change	Change
WTG Manufacturing	18,023,683	14,529,128	3,494,555	24.05%
Wind Power Services	1,326,588	1,744,471	(417,883)	-23.95%
Wind Farm Investment and Development	1,403,009	1,109,496	293,513	26.45%
Other	493,230	122,022	371,208	304.21%
Total	21,246,510	17,505,117	3,741,393	21.37%

The increase in cost of sales of the Group was mainly caused by the increase in operating income of the Group in 2018.

Gross Profit

Unit: RMB thousand				
	Year ended 31 December		Amount	Percentage
	2018	2017	Change	Change
WTG Manufacturing	4,144,853	4,816,870	(672,017)	-13.95%
Wind Power Services	320,906	312,147	8,759	2.81%
Wind Farm Investment and Development	2,500,982	2,137,866	363,116	16.98%
Other	377,056	198,835	178,221	89.63%

Total	7,343,797	7,465,718	(121,921)	-1.63%
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Gross profit of the Group mainly comes from WTG Manufacturing business and the wind farm investment & development business, while the wind power services business and other business also contributed.

For the financial years ended 31 December 2018 and 2017, the Group's comprehensive gross profit margins were 25.69% and 29.90%, respectively, and the gross profit margins for the WTG Manufacturing segment were 18.70% and 24.90%, 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 2018	2017	Change (percentage points)
6.0MW	-7.01%	–	–
3.0MW	19.38%	20.87%	-1.49%
2.5MW	18.04%	25.82%	-7.78%
2.0MW	19.29%	25.28%	-5.99%
1.5MW	26.93%	26.73%	0.20%

As of 31 December, 2018, gross profit margin of 1.5MW series had a certain degree of increase, gross profit margin of 2.0MW series, 2.5MWseries and 3.0MW series of WTGs had a certain degree of decrease, 6.0MW WTGs is the newly added product series of the Group, which is in the market development stage at present, with negative gross profit margin.

Other Income and Gains

Other net incomes and gains of the Group mainly consist of sales revenue from investment of the wind farm (including the sales revenue of wind power equipment realized due to the sales of such wind farms), bank interest income, insurance compensation for product quality guarantee, total rental income and government subsidies obtained because of updating of the Group's R&D projects and production facilities, and etc.

Other net incomes and gains of the Group were 2,073.16million for the year as of 31 December, 2018, representing an increase of 27.10% compared with RMB1,631.07million for the year ending at 31 December, 2017. This is mainly because the gain on remeasurement of fair value of the previously held interest in subsidiaries at the disposal-date fair value in disposal of subsidiaries, the gain on fair value changes of non-listed equity investment, the increase of the Group's bank interest income, the increase gain on disposal of financial assets at fair value through profit or loss, were partially offset by the decrease of net gain on disposals of shareholding in associates and a jointly venture, the gain on disposals of available-for-sale financial assets, gain on disposal of subsidiaries, and etc.

Selling and Distribution Costs

The Group's cost of sales mainly includes reserves for product warranty provisions, freight charges, insurance premiums, bidding service fees, staff costs, handling fees and travel expenses, and etc.

The annual cost of sales of the Group for the year ended 31 December 2018 amounted to RMB 1,896.61 million, representing a decrease of 9.73% when compared with RMB 2,101.06 million for the year ended 31 December, 2017. This is mainly due to the decrease of product warranty provisions caused by increased

number of WTGs beyond warranty, decrease of insurance premiums caused by the increase of insurance payments received, which was offset by the increase of staff costs, freight charges, handling fees, and etc.

Administrative Expenses

The Group's administrative expenses mainly include research & development expenses, staff costs, taxes, depreciation, consultancy fees and travel expenses, and etc.

The Group's administrative expenses for the year ended 31 December 2018 amounted to RMB 2,737.78 million, an increase of 8.62% when compared with RMB2,520.46 million for the year ended 31 December, 2017. Due to the purpose of enhance the core competitiveness, the group increases the R&D expense, labor cost and the increase of the amortization of intangible-assets, which was offset by the decrease of consulting's fees and etc.

Other Expenses

Other operating expenses of the Group include bank fees, exchange gains and losses, Changes in the fair value of derivative financial instruments, and etc.

The Group had RMB195.95 million of other operating expenses for the year as of 31 December, 2018, representing an increase of 64.25% compared with RMB119.30 million for the year ended on 31 December, 2017. It is mainly because the increase of bank fees, exchange gains and losses, the provision for impairment of fixed assets, were partially offset by the increase of gains on Changes in the fair value of derivative financial instruments, and etc.

Finance Costs

The Group had RMB1,071.30 million of financial expenses for the year as of 31 December, 2018, which increased by 31.00% compared with RMB817.78 million for the year ended on 31 December, 2017. It is mainly because the Group had an increase of current average amount borrowed on year-on-year basis, resulting in the increase of interest charges.

Income Tax Expense

The Group had RMB399.83 million of income tax for the year as of 31 December, 2018, increased by 16.99% compared with RMB341.75 million for the year ended on 31 December, 2017. It is mainly because of the increase of pre-tax profit..

Capital Expenditures

The Group reported capital expenditures of RMB 7,060.53 million for the financial year ended 31 December 2018, representing a 4.37% increase from RMB6,764.69 million for the financial year ended 31 December 2017. 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	
	2018	2017
Net cash flows from operating activities	3,125,355	3,023,449
Net cash flows used in investing activities	(6,113,912)	(7,097,947)

Net cash flows from financing activities	1,201,420	3,381,890
Net (decrease) / increase in cash and cash equivalents	(1,787,137)	(692,608)
Cash and cash equivalents at beginning of year	6,746,183	7,526,463
Effect of foreign exchange rate changes, net	52,971	(87,672)
Cash and cash equivalents at end of year	5,012,017	6,746,183

1. Cash flows from operating activities

The net cash receipts of the Group's operations mainly include pre-tax profits, through non-cash items, changes in operating capital, and adjustments of other incomes and earnings.

The Group had RMB3,125.36million of net cash acquired from operating activities for the year ended on 31 December, 2018. Cash inflow mainly included RMB3,682.43million of profit before tax, RMB399.83million of the paid income tax, which has adjusted the increase of RMB2,930.50 million of trade and bills payables, the increase of RMB 1,218.02 million of depreciation, the increase of RMB737.93 million of other payables and accruals etc. Such cash inflow was offset by the increase of RMB 1,741.66 million of financial receivables, the increase of RMB1,129.14 million of prepayments, other receivables and other assets, the increase of RMB869.01million of inventory, increase of RMB627.63 million of gain on remeasurement of fair value of the previously held interest in subsidiaries in disposal of subsidiaries, increase of RMB313.89 million of gains on disposal of subsidiaries, the increase of RMB269.78 million of contract assets, and etc.

The Group had RMB 3,023.45 million of net cash acquired from operating activities for the year ended on 31 December, 2017. Cash inflow mainly included RMB 3,490.56 million of profit before tax, RMB 534.70 million of the paid income tax, which has adjusted the increase of RMB 1,914.98 million of other payable advance from customers and accruals, the increase of RMB 1,066.70 million of depreciation, the increase of RMB1,035.96 million of trade and bills payables, and the increase of RMB 817.78 million of financial costs, etc. Such cash inflow was offset by the increase of RMB1,512.61 million of financial receivables, the increase of RMB 1,286.46 million of trade and bills receivables, the increase of RMB 847.91 million of inventory, increase of RMB 387.78 million of gains on disposal of subsidiaries and increase of RMB 309.42 million of gains on remeasurement of fair value of the previously held interest in an acquiree at its acquisition-date fair value in a step acquisition of a subsidiary, etc.

2. Cash flows used in investing activities

The net cash consumed by investment activities of the Group mainly consists of purchase of properties, plant and equipment, pledged time deposits, acquisition of subsidiaries, disposal of financial assets at fair value through profit or loss.

The net cash consumed by investment activities of the Group for the year ended on 31 December, 2018 amounted to RMB6,113.91 million. Cash outflow mainly comprised purchase of property, plant and equipment of RMB5,943.04million, acquisition of subsidiaries, net of cash acquired of RMB995.57million. Such cash outflow was offset by the cash inflow of RMB1,156.17million of disposal of financial assets at fair value through profit or loss.

The net cash consumed by investment activities of the Group for the year ended on 31 December, 2017 amounted to RMB7,097.95 million. Cash outflow mainly comprised purchase of property, plant and equipment of RMB4,842.70 million, acquisition of subsidiaries, net of cash acquired of RMB1,804.02 million and purchase of available-for-sale financial investments of RMB1,086.83 million. Such cash outflow was offset by the disposal of available-for-sale investments of RMB355.73 million, the disposal of subsidiaries, net of cash disposal of RMB245.37 million (net of cash) and other inflows.

3. Cash flows from financing activities

The net cash consumed in the financing activities of the Group mainly comprises repayment of bank borrowings and dividends paid to shareholders. The net cash obtained from financing activities of the Group mainly includes new bank borrowings and capital contributions from non-controlling shareholders.

The net cash obtained from financing activities of the Group for the year ended 31 December, 2018 amounted to RMB1,201.42 million. Cash inflow mainly comprised new bank and other borrowings increased of RMB12,527.20million, capital contributions from non-controlling shareholders increased of RMB1,008.89 million. Such cash inflow was offset by repayments of bank and other borrowings of RMB10,918.45million, interest paid of RMB1,120.94 million and dividends paid to the shareholders of the company of RMB805.21 million.

The net cash obtained from financing activities of the Group for the year ended 31 December, 2017 amounted to RMB3,381.89 million. Cash inflow mainly comprised new bank and other borrowings increased of RMB8,139.08 million. Such cash inflow was offset by repayments of bank and other borrowings of RMB3,327.34 million, interest paid of RMB802.51 million and dividends paid to the shareholders of the company of RMB654.65 million.

Financial Position

As of 31 December , 2018 and 31 December, 2017, the Group's total assets were RMB 81,364.05 million and RMB72,787.84 million respectively, current assets were RMB32,917.50 million and RMB33,081.33 million respectively, and the proportions of current assets accounting for the total assets were 40.46% and 45.45% respectively. The amount of current assets in 2018 is essentially flat compared with the amount for the corresponding period in 2017.

As of 31 December, 2018 and 31 December, 2017, the non-current assets of the Group were RMB 48,446.55 million and RMB39,706.51 million respectively. The increase in non-current assets was mainly due to the increase in contract assets, the increase in financing lease receivables, the increase in financial receivables caused by the right to charge water franchise, the increase of property, plant and equipment caused by the increase in operating wind power plants and wind power plants under construction, the increase of interests in joint venture, the increase in other intangible- assets caused by the right to charge water franchise, which were offset by the decrease of trade receivables, and etc.

As of 31 December, 2018 and 31 December, 2017, the total liabilities of the Group were RMB 54,888.93 million and RMB49,312.84 million respectively, with current liabilities of RMB 31,600.59 million and RMB29,600.32 million respectively. The increase in current liabilities was mainly due to the increase of other payables advance from customers and accruals, and etc, which were offset by decrease of bank borrowings repaid within one year and trade and bills payables, and etc.

As of 31 December, 2018 and 31 December, 2017, the non-current liabilities of the Group were RMB23,288.34 million and RMB19,712.52 million respectively. The increase in non-current liabilities was mainly due to the increased long-term interest-bearing bank, deferred tax liabilities and other payables, and etc.

As of 31 December, 2018 and 31 December, 2017, the net current assets of the Group were RMB1,316.91 million and RMB3,481.01 million respectively, with net assets of RMB26,475.12million and RMB 23,475.00 million respectively.

As of 31 December, 2018 and 31 December, 2017, the cash and cash equivalents of the Group were RMB5,027.64 million and RMB6,756.11 million respectively, with interest-bearing bank borrowings and other borrowings of RMB22,334.63million and RMB21,884.83 million respectively.

Interest-bearing Bank Loans and Other Borrowings

As at 31 December 2018, the amount of the Group's interest-bearing bank loans was RMB21,220.82 million, including bank loans repayable within one year of RMB3,220.29million, in the second year of RMB5,434.88million, in the third to fifth year of RMB4,677.33million, and above five years of RMB7,888.32million. In addition, as at 31 December 2018, the Group's outstanding amount of corporate bonds and finance lease payables were RMB1,113.81 million, including corporate bonds repayable and finance lease payables within one year of RMB249.83 million, in the second year of RMB295.36 million, in the third to fifth year of RMB387.51 million, above five year of RMB 181.11 million .During the Reporting Period, the Group does not have any interest rate hedging.

Capitalization of Interest

During 2018, the Group's capitalised RMB35.61 million of interest expense to property, plant and equipment.

Reserves

As at 31 December 2018, the Company's reserves distributable to shareholders was RMB 1,250.12 million. This was the lower of two figures calculated in accordance with CASBE and IFRS.

Restricted Assets

As at 31 December 2018, certain assets of the Group with a total carrying value of RMB17,068.33 million were pledged as security for certain bank loans, other banking facilities and finance leases. Such assets included bank deposits of RMB152.29 million, trade and bills receivables of RMB3,493.58 million, financial receivables of RMB667.26 million, property, plant and equipment of RMB11,925.23 million, prepaid land lease payments of RMB146.63million, other intangible assets of RMB285.51 million, prepayment,other receivable and other assets of RMB 384.78 million and derivative financial instruments of RMB 13.05 million.

As at 31 December 2017, certain assets of the Group with a total carrying value of RMB16,672.03 million were pledged as security for certain bank loans and other banking facilities. Such assets included bank deposits of RMB1,086.55 million, trade and bills receivables of RMB3,400.33 million, financial receivables of RMB380.72 million, property, plant and equipment of RMB11,638.83million, and prepaid land lease payments of RMB165.60 million.

Gearing Ratio

As at 31 December 2018, the Group's gearing ratio, defined as net debt divided by sum of capital and net debt, was 61.51%, representing an increase of 3.54% compared with 57.96% as at 31 December 2017.

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. 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 2018, the Group's contingent liabilities were RMB18,325.79 million, representing an increase of RMB2,555.53 million compared with RMB15,770.26 million as at 31 December 2017.

IV. OUTLOOK FOR THE FUTURE

With the new round of scientific and technological revolution and industrial transformation in the world, the world's energy structure is gradually evolving toward low-carbon and carbon-free. The development of clean and low-emission renewable energy has become the trend of global energy transformation. China adheres to the five development concepts of "innovation, coordination, green, openness, and sharing". It focuses on building a beautiful China energy development strategy, adheres to the direction of green energy development, and proposes to vigorously develop renewable energy such as wind power and solar to build clean, low-carbon, safe and efficient energy system, and pursues high-quality development of China's energy through a series of policies.

Industrial Development Trend

According to *World Energy Outlook 2018* issued by the International Energy Agency (IEA), while the rise of low-carbon technology has led to a major shift in power generation, the share of electricity in global energy consumption is increasing, and electricity is increasingly becoming the preferred "fuel". It estimates that by 2040, electricity demand will increase by 90%. By 2040, one-fifth of the global electricity demand growth will come from China. China has become a global leader in wind, solar, electric vehicles, and the emerging low-carbon technology.

According to *China Renewable Energy Outlook 2018* issued by the Energy Research Institute of the National Development and Reform Commission, the total consumption of fossil energy in China will peak in 2020 and decline steadily before 2035. After 2020, solar and wind power will grow rapidly. In the next 10 years, China will usher in the peak of large-scale construction of solar and wind power. The newly installed solar capacity will be about 80-160 GW per year, and the newly added wind power installed capacity will be about 70-140 GW per year. By 2050, wind and solar energy will become the main force in China's energy system in absolute term.

According to *Global Offshore Wind Power Market Report* released by MAKE, the development scale of the global offshore wind power market is expanding. It is estimated that the installed capacity of offshore wind power will reach 100GW from 2018 to 2027, accounting for 15% of the total new capacity in the next 10 years. It is expected that after 2023, the 10+MW platform will earn more market share. It is estimated that by 2027, the demand for offshore wind power will continue to grow, and a total of 23 countries and regions will develop offshore wind power worldwide.

Market Development Trend

With the innovation and development of wind power technology, China's wind power technology is gradually maturing, and true parity will be an inevitable trend of wind power development. According to the "Notice on Accelerating the Work on Speeding up the Wind Power and Solar Power True Parity (Draft for Comment)" (《關於加快推進風電、光伏發電平價上網有關工作的通知》) issued by the National Energy Administration, China's renewable energy will formally enter the era of true parity, which promotes industrial technology and enhances market competition. It is of great practical significance to get rid of subsidy dependence and accumulate true parity experience. At the same time, it has important strategic meaning for boosting wind power and solar power from supplementary energy to mainstream energy.

Under the background of informationization, digitalization, and the Internet, big data, digitization, and data analysis methods are becoming more and more widely used in wind power manufacturing enterprises, and become the key to seize the market and enhance core competitiveness. The introduction of products such as smart WTG, digital operation and maintenance solution and intelligent wind farm management platform can improve the reliability and availability of wind turbines and reduce the cost of wind power operation and maintenance while monitoring the wind farm with no one or few people. The improvement of quality and efficiency is also an important

consideration for customers when they choose products. The competition in digital products and smart operation and maintenance will also intensify.

The focus of China's wind power development is accelerating the shift to the central and southern region. More complicated wind conditions and shorter operation and maintenance time windows put forward higher requirements for the reliability and quality of wind power equipment. Offshore wind power has entered the stage of large-scale development. With the advancement of the market, the offshore wind power will gradually move into the deep sea and the distant sea. The increase of offshore distance and water depth will put forward higher requirements for the installation and operation of offshore wind turbines.

Company strategy

Goldwind is committed to becoming a global leader in providing clean energy and a comprehensive solution provider of energy conservation and environmental protection by adhering to the mission of “offering white clouds and blue sky to human beings and leaving more resources for the future”. The Company insists on the customer-centric business philosophy and provides customers with a complete lifecycle solution. The Company continues to vigorously develop wind power equipment and wind power service business, providing onshore wind power and offshore wind power solutions. At the same time, it actively deploys the “source-network-load” industrial chain of smart energy Internet, actively develops and invests in wind farms, and accelerates the cultivation of distributed energy and energy service business. In the field of environmental protection, the Company quickly accumulates water treatment and environmental protection assets and cultivates a comprehensive solution for smart water services.

The “Two Seas” strategy formulated by the Company aims to actively develop offshore wind power, expand the overseas wind power market, and promote the overseas development of the core business of Goldwind. The Company's digital strategy helps customers achieve digital manufacturing by providing customers with comprehensive digital products and solutions. Through digitization, service, platform and internationalization of business, the Company will build core competitiveness and promote the continuous growth of the Company's business.

4. Company Business Plan and Main Objectives

Goldwind will continue to adhere to the development policy of survival, transformation and development, innovation and breakthrough, value-added and efficiency, with steady operation and sustainable development as the core, consolidate the main business foundation, and leverage the advantages of diversified profit model to earn market share. The Company aims to increase information management coverage, implement project management, improve one-stop integrated energy solutions and asset management service levels. It continues to carry out lean management activities, improve organizational efficiency, and achieve high-quality, sustainable development.

5. Demand for Funds

According to the Company's 2019 annual business objectives and plans, the Company's working capital in 2019 is mainly funded by a combination of its own funds and bank loans. The Company has high solvency ratio, good reputation, stable and smooth financing channels, and sufficient funding sources.

6. Possible Risks

(1) Policy risk

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

(2) Risk of Decline in Customer Demand

In 2018, the sales of the top five customers accounted for nearly 40% of the Company's total annual sales. Due to factors such as industry development and policies, if the demand of major customers declines, there will be certain impact on the Company's production and operation.

(3) Market Competition Risk

According to the statistics of the Bloomberg New Energy Finance, the installation volume of the top five WTG manufactures reached 15GW, representing for 73% of the new market share, which increased 9 percentage points YoY. With the increase of industrial consolidation, the need for product quality and efficiency enhancement, the demand for preemptive resources and market share expansion will further exacerbate competition among manufacturing companies, which may result in fluctuations in average selling prices or will have an impact on the Company's revenue.

(4) Wind Curtailment

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

(5) Economic Environment and Exchange Rate Fluctuations

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

V. CORE COMPETITIVE ADVANTAGES

i. Market Position

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

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 three thousand seasoned R&D personnel with extensive industry experience, contributing to the advancement of our new products and technology. We have developed a diversified and serialized product portfolio, including specialised WTGs for different terrains and climate conditions to satisfy the diverse demands of our customers. Furthermore, we have reserved the 6S offshore DDPM WTG series for the development of the offshore wind power market. Our diversified products have improved our market position. We currently have a substantial backlog of WTG orders, providing enhanced revenue visibility and demonstrating that our customers value the superior quality of our products and services.

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

iv. Comprehensive Profit Model

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

and protection, Goldwind quickly accumulates water treatment and environmental protection assets and nurtures smart treatment service solutions. We are committed to becoming an international leader in providing clean energy and energy-saving environmental protection solutions.

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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB2.5 per every 10 Shares (including tax) from the Company's retained undistributed profit for the financial year ended 31 December 2018, based on the issued share capital of the company of 4,225,067,647 Shares after completion of the Rights Issue. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2018 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 2019. Information regarding the date of the AGM for the year of 2018, 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 2018, which is to be included in its annual report for the same year.

The Company has complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2018.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end date, the Company has proposed the rights issue which will comprise an offer of H rights shares and an offer of A rights shares, on the basis of 1.9 H rights shares for every 10 existing H shares at HK\$8.21 per H right share and on the basis of 1.9 A rights shares for every 10 existing A shares at RMB7.02 per A rights share. For details, please see the announcement of the Company dated 18 March 2019. For details of the allotment results of the offer of A rights shares, please see the announcement of the Company dated 28 March 2019.

Saved for the disclosed, there are no significant events subsequent to 31 December 2018 which would materially affect the Group's operating and financial performance as at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the financial year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

REVIEW OF 2018 ANNUAL RESULTS

The Audit Committee of the Company has reviewed and approved the 2018 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;
“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;
“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” or “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 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;
“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 2018, 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 2019

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. Gao Jianjun and Ms. Gu Hongmei; and independent non-executive directors are Mr. Yang Xiaosheng, Mr. Luo Zhenbang, and Dr. Tin Yau Kelvin Wong.