



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

(A joint stock limited liability company incorporated in the People's Republic of China)
Stock Code: 2208

Innovating for a
**Brighter
Tomorrow**



Interim Report **2020**

* For identification purpose only

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Definitions

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

“A Shares”	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
“A Shareholders”	the holders of the A Shares;
“Articles”	the Articles of Association of the Company, as amended, modified or otherwise supplemented from time to time;
“associate”	has the meaning as ascribed in the Listing Rules;
“attributable capacity”	represents the capacity attributed to the Group calculated by multiplying the Group’s percentage ownership in a power project by the total capacity of such power project;
“Audit Committee”	the audit committee of the Board of the Company;
“availability rate”	a percentage calculated by dividing the amount of time a WTG is not experiencing technical defaults over a certain period by the amount of time in such period;
“Beijing Tianrun”	Beijing Tianrun New Energy Investment Co., Ltd. (北京天潤新能投資有限公司), a company incorporated under the laws of the PRC on 11 April 2007 and a wholly owned subsidiary of the Company;
“Beijing Tianyuan”	Beijing Tianyuan Science & Creation Wind Power Technology Co., Ltd. (北京天源科創風電技術有限責任公司), a company incorporated under the laws of the PRC on 29 September 2005 and a wholly-owned subsidiary of the Company;
“Board”	the board of directors of the Company;
“Board Committees”	specialised committees of the Board established by the Board and include members of the Board, namely the Audit Committee, Nomination Committee, Remuneration and Assessment Committee, and Strategic Committee;
“CASBE”	China Accounting Standards for Business Enterprises;

“Chairman”	the chairman of the Board;
“chief executive”	has the meaning as ascribed in the Listing Rules;
“China” or “PRC”	the People’s Republic of China. References in this interim report to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“China Three Gorges”	China Three Gorges Corporation (中國長江三峽集團公司), a company incorporated under the laws of the PRC and the parent company of China Three Gorges New Energy;
“China Three Gorges New Energy”	China Three Gorges New Energy (Group) Co., Ltd. (中國三峽新能源(集團)股份有限公司), a company incorporated under the laws of the PRC, a wholly-owned subsidiary of China Three Gorges, and a substantial shareholder of the Company;
“Company”	Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司);
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report, as set out in Appendix 14 of the Listing Rules;
“DDPM”	direct-drive permanent magnet, a technology that combines a) a drive-train concept in which the need for a gearbox is eliminated and the turbine rotor directly drives the generator rotor; and b) a synchronous generator in which permanent magnet is used on the generator;
“Directors”	the directors of the Company;
“Financial Statements”	the condensed consolidated financial statements of the Group for the six months ended 30 June 2020, 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;
“H Shareholders”	the holders of the H Shares;

Definitions

“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IFRSs”	International Financial Reporting Standards;
“kW”	kilowatt, a unit of power, 1kW equals 1,000 watts;
“kWh”	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
“Latest Practicable Date”	16 September 2020, being the latest practicable date prior to the publication of this interim report for ascertaining certain information contained in this report;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
“MW”	megawatt, a unit of power, 1MW equals 1,000kW;
“NEA”	National Energy Administration of the PRC (中國國家能源局);
“NDRC”	National Development and Reform Commission of the PRC (中國國家發展和改革委員會);
“R&D”	research and development;
“RMB”	Renminbi, the lawful currency of the PRC;
“Senior Management”	the members of the senior management of the Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
“Shareholders”	shareholders of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning as ascribed in the Listing Rules;
“Supervisors”	the supervisors of the Company;
“Supervisory Committee”	the supervisory committee of the Company;
“SZSE”	Shenzhen Stock Exchange;
“Wind Farm Investment and Development”	the Group’s Wind Farm Investment and Development segment, one of the three primary business segments of the Group;
“Wind Power Services”	the Group’s Wind Power Services business segment, one of the three primary business segments of the Group;
“WTG”	wind turbine generator;
“WTG Manufacturing”	the Group’s WTG R&D, Manufacturing and Sales business segment, the core business of the Group and one of the three primary business segments of the Group;
“Xinjiang”	the Xinjiang Uyghur Autonomous Region of the PRC;
“Xinjiang Wind Power”	Xinjiang Wind Power Co., Ltd. (新疆風能有限責任公司), a state-owned enterprise incorporated under the laws of the PRC and a substantial shareholder of the Company;
“YoY”	year-over-year, a method of evaluating two or more measured events to compare the results at one time period with those from another time period on an annualised basis; and
“%”	percent, in this interim report, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Gao Jianjun
Mr. Lu Hailin

Independent Non-executive Directors

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

SUPERVISORS

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

COMPANY SECRETARY

Ms. Ma Jinru

PLACE OF BUSINESS

In the PRC

No. 107 Shanghai Road
Economic & Technological Development District
Urumqi, Xinjiang

In Hong Kong

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

LEGAL COUNSEL

Morrison & Foerster

AUDITORS

International Auditors

Deloitte Touche Tohmatsu

PRC Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

LISTING PLACES

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

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

SHARE REGISTRARS

H Shares:
Computershare Hong Kong Investor Services Limited

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

PRINCIPAL BANKS

China Development Bank
Export-import Bank of China, Xinjiang Branch
Bank of China Limited, Xinjiang Branch
Bank Construction Bank Corporation, Xinjiang Branch
Agricultural Bank of China Limited,
Xinjiang Branch
Industrial and Commercial Bank of China Limited,
Xinjiang Branch

COMPANY WEBSITE

www.goldwindglobal.com

I. OVERVIEW

Since 2020, profound social and economic changes have taken place globally. Given that the COVID-19 pandemic has brought about severe global challenges, complication to the development of trade and technology, and various geopolitical disputes, the International Monetary Fund (IMF) decreased its 2020 global growth projection to -4.9% in June. Meanwhile, the IMF predicted that major advanced and emerging economies would suffer certain degrees of declines, except for China, which would be the only economy that maintains positive GDP growth.

According to the National Bureau of Statistics, domestic GDP in the first half of 2020 reached RMB45,661.4 billion, which declined by 1.6% when compared to the same period last year. GDP dropped by 6.8% YoY in the first quarter of 2020, and increased by 3.2% YoY in the second quarter of 2020. In general, control of the pandemic remains effective in China. China has boosted the resumption of work, production and business activities. The economy is recovering steadily, and market expectations are positive in general.

According to data released by the National Energy Administration (NEA) and China Electricity Council (CEC), from January to June, the nationwide electricity consumption was 3,354.7 billion kWh, a decrease of 1.3% YoY. During this period, the nationwide electricity consumption in June was 635 billion kWh, an increase of 6.1% YoY. In the first half of the year, China's new installation of power sources was 36.95GW. Investments in power engineering and grid engineering both increased, reaching RMB173.8 billion and RMB165.7 billion, respectively.

i. MAIN POLICY REVIEW

The year 2020 is the last year of the "13th Five-Year Plan", a window of energy transition and green development, and a crucial period of achieving non-subsidized grid-parity for onshore wind power in all respects. In the first half of the year, several ministries have issued a number of policies on energy transition and clean energy from both macro and micro levels, regulating and supporting the development of wind power industry.

1. Providing Macro Planning Support to High-Quality Development of Renewable Energy

On 10 April 2020, the NEA issued the *Notice of Construction on the Drafting of the Energy Law of the PRC* (《關於〈中華人民共和國能源法(徵求意見稿)〉公開徵求意見的公告》), emphasizing several steps in optimizing energy structure, establishing and improving tax and fee system, and promoting non-fossil energy development, including giving priority to renewable energy development, and monitoring the proportion of non-fossil energy in primary energy consumption on an annual basis.

On 15 April 2020, the NEA issued the *Notice on the Drafting of the 14th Five-Year Plan for the Development of Renewable Energy* (《關於做好可再生能源發展「十四五」規劃編制工作相關事項的通知》), proposing that renewable energy should become the main body of energy consumption growth during the 14th Five-Year Plan period, and setting the goal of power consumption coming from non-fossil energy to reach 20% by 2030. The notice also proposed adhering to marketization, taking the advantages of renewable energy cost, and prioritising, developing and efficiently utilising renewable energy.

2. Implementing Grid Connection and Ensuring Power Consumption Quota to Promote the Expansion of Wind Power Industry

On 5 March 2020, the NEA published the *Notice on 2020 Wind Power and Solar Power Project Construction* (《關於2020年風電、光伏發電項目建設有關事項的通知》), stating seven major measures that promote low cost, increased quality and higher efficiency, including: to actively promote the construction of affordable grid-parity projects, to carry out the construction of subsidised projects in an orderly manner, to actively support the construction of distributed wind power projects, to steadily advance the construction of offshore wind power projects, and to comprehensively implement power transmission and consumption plans.

On 3 April 2020, the NEA publicized the *Results on 2020 Wind Power Investment Monitor and Warning* (《2020年度風電投資檢測預警結果》). “Red alert” warnings on Xinjiang and Gansu Province were lifted and these regions were re-categorized as “orange alert” regions, which means that qualified inventory projects can proceed, and cross-provincial and cross-regional delivery projects and parity projects are no longer restricted. East Inner Mongolia was re-categorized as a “green light” region from “orange alert” region. Green regions may arrange grid-parity and auction projects as per development plans. Such re-categorization of monitored regions is expected to facilitate wind installations in the “Three North Regions”.

On 20 May 2020, State Grid issued the *Notice on Increased Consumption of Wind Power and Solar Power in 2020* (《關於2020年風電、光伏發電新增消納能力的公告》). Considering that force majeure including previous low-level operation of power load affected by the COVID-19 pandemic which led to difficulty in renewable energy consumption, State Grid freed its commissioning capacity to increase renewable energy consumption. Deducting curtailed wind power in the first quarter, State Grid will add 29.45GW of wind power consumption capacity in 2020.

On 1 June 2020, the National Development and Reform Commission (NDRC) and the NEA jointly published the *Notice on Issuing 2020 Renewable Power Consumption Quota for Provincial-level Energy Bureaus* (《關於印發各省級行政區域2020年可再生能源電力消納責任權重的通知》). The minimum compulsory proportion of renewable power consumption in ten provincial-level (districts and municipalities) exceeds 30%, and the minimum non-hydro renewable power consumption proportion of nine provincial-level (districts and municipalities) exceeds 15%. The minimum standards will increase year by year. Commitments and responsibilities of provincial-level energy bureaus, grid companies, and NEA-affiliated agencies are thus clarified, which ensures the effective implementation of energy consumption quota policy.

3. Confirming the Entitlements for Subsidized Projects, and Accelerating the Solution of Renewable Power Subsidies

On 20 January 2020, the Ministry of Finance (MoF), the NDRC and the NEA jointly issued the *Opinion on Promoting the Sustainable Development of Non-hydro Renewable Power* (《關於促進非水可再生能源發電健康發展的若干意見》), adhering to the principle of reasonably determining the scale of newly-added subsidised projects based on revenue and expenditure, adding subsidy revenue in more approaches, and reducing non-compliant subsidy demands, in order to alleviate subsidy pressure of existing projects. The Opinion confirms to add all qualified projects into the subsidy list, and ascertain their entitlements to subsidies in a timely manner. The Opinion also stipulates coordination between departments, and proposes to enhance the synergy of state policies and manage various types of renewable power projects basing on categorization.

On 12 March 2020, the MoF issued the *Notice on Work Related to the List of Subsidized Renewable Energy Projects* (《關於發展可再生能源發電補貼項目清單有關工作的通知》), confirming that all projects in the first to seventh batch of Renewable Energy Fund as previously published by the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration are to be included into the subsidy list after relevant information have been reviewed by grid enterprises; emphasizing those existing projects should be reviewed quickly and included into the list in batches.

On 17 June 2020, the MoF issued the *Budget for the Central Government 2020* (《2020年中央財政預算》), determining the additional revenue budget and expenditure budget of renewable energy tariff with a YoY increased by 1.8% and 7.5% respectively.

ii. INDUSTRY DEVELOPMENT REVIEW

1. Stable Growth in Medium to Long Term of Global Wind Power Industry albeit Temporary Impact due to the COVID-19 Pandemic

In the early 2020, the global wind power industry has suffered temporary impact from the COVID-19 pandemic outbreak. However, the timely response of the site and construction has sped up the recovery of market demand. Global primary markets were less affected, and auctions and construction works were launched smoothly. Due to the longer construction period, offshore wind power has maintained solid performance. Except for certain regions in Mexico and India, global wind power suppliers have gradually resume work and production.

2. Steady Operation of Domestic Wind Power Market in the First Half of 2020

From January to June 2020, wind power generated 237.9 billion kWh, an increase of 10.9% YoY. The cumulative average utilisation in China was 1,123 hours, a decrease of 10 hours compared to the same period in 2019. Yunnan, Sichuan and Guangxi provinces demonstrated the highest utilisation. Throughout January to June 2020, newly grid-connection capacity of wind power was 6.32GW, a decline of 2.77GW YoY. Shanxi, Hebei, Xinjiang, Shandong and Ningxia were the five main contributors to total new grid-connection, among which onshore wind contributed 5.26GW. As of the end of June 2020, nationwide cumulative grid-connected wind power totaled 217 million kW, including 210 million kW onshore wind power. The cumulative grid-connected capacity of wind power accounted for 11.2% of the total power grid-connection in China.

Management Discussion and Analysis

3. Decline Public Tender Volume of Wind Turbine Equipment and Average Bidding Price

From January to June 2020, domestic public tender volume declined YoY, with a total of 10.97GW, including 6.095GW onshore tender volume. As of regional mix, north and south each accounted for half of the public tender market. 3-and-above-MW capacity turbines became the mainstream of public tender market. Onshore large energy bases, grid-parity projects, auction projects, and distributed wind power projects continued to support industrial development after subsidised projects faded out in public tender market. The monthly average bidding price of wind turbine equipment showed a gradual drop.

4. Acceleration of Offshore Project Construction

Global Wind Energy Council (GWEC) considered that despite the impact by the COVID-19 pandemic, global newly installed offshore wind capacity is projected to reach 6.6GW. As the grid connection time limit of domestic offshore wind power existing projects approaches, the pace of offshore wind energy tenders and construction across the nation has accelerated. From January to June 2020, public tender market of offshore wind projects recorded 4.875GW, and new grid-connection reached 1.06GW. As of the end of June 2020, cumulative grid-connection of offshore wind power was 6.99GW. Cost reduction and efficiency improvement of offshore wind projects will be increasingly prominent, driven by the mature and large-scale application of the industrial chain, popularisation of larger unit-capacity turbines, and technological progress. The offshore wind power market has a promising prospect.

II. MAIN BUSINESS ANALYSIS

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

During the reporting period, revenue for the Group was RMB19,366.11 million, representing an increase of 23.35% YoY. Net profit attributable to owners of the Company was RMB1,274.83 million, representing an increase of 7.63% YoY.

i. WTG R&D, Manufacturing and Sales

1. WTG Manufacturing and Sales

For the six months ended 30 June 2020, the Group's revenue from the sales of WTGs and components was RMB14,565.64 million, representing an increase of 25.18% YoY. The Group's external sales totaled 4,099.97 MW, an increase of 28.50% YoY.

The following table sets out the details of products sold by the Group in the first half of 2020 and 2019:

	Six months ended 30 June		2019		Change in Capacity Sold
	2020		Units Sold	Capacity Sold (MW)	
	Units Sold	Capacity Sold (MW)	Units Sold	Capacity Sold (MW)	
6S/8S	25	165.80	7	45.15	267.22%
3S/4S	79	276.37	73	242.50	13.97%
2S	1,516	3,571.70	1,303	2,853.60	25.16%
1.5MW	57	86.10	33	49.50	73.94%
Total	1,677	4,099.97	1,416	3,190.75	28.50%

As of 30 June 2020, the Company's external order backlog totaled 16,350.24MW, which included 233.7MW of 1.5MW-unit turbines, 9,485.3MW of 2S-series turbines, 4,594.14MW of 3S/4S-series turbines, and 2,037.1MW of 6S/8S-series turbines. The Company also had 1,071.7MW unsigned contracts, which included 467.5MW of 2S-series turbines, 400.5MW of 3S/4S-series turbines, 203.7MW of 6S/8S-series turbines. External orders totaled 17,421.94MW, including 1,591MW overseas orders. Internal orders totaled 536.6MW.

2. Technology R&D and Product Certification

High-quality development has become an inevitable trend for the future development of wind power enterprises. During the reporting period, the Company integrated its resources of seven R&D centers in the globe and technical advantages, and accelerated the innovation of product technologies, enriched its product series of smart wind turbines, and promoted technological innovation and digital transformation.

a. *Product R&D and Mass Production*

The Company continued R&D on 2S, 3S/4S and 6S/8S series wind turbines, centering corporate strategy on cutting-edge product and technology on the basis of market and client demand. The Company continuously enhanced the competitiveness of products through upgrading and optimising the existing R&D platforms, as well as streamlining product portfolio.

Applying advanced module design and Integrated Product Development (IPD) system, the Company upgraded the existing GW150-2.8 turbine of 2S-series and launched GW150-2.8~3.0 turbine. With the experience of Goldwind's reliability and advancement of its turbine, it adopted technologies of load control, blade tip to tower clearance monitoring, modularity blade and power generation improvement, so as to improve product competitiveness and provide turbine solutions with higher efficiency and more adaptability to China's low wind speed regions. The GW150-2.8~3.0 turbine had obtained design certification by domestic authoritative institution, and has won trust and recognition among customers with its excellent performance and reliable quality.

GW155-4.5 turbine of 3S/4S-series was launched in 2019. Adopting "PMDD plus full power converter" technology and advanced smart turbine design, this turbine applies to multiple usage scenarios including offshore, overseas, grid-parity and large energy base projects. During the reporting period, GW155-4.5 turbine performed distinctively in both domestic and overseas markets, winning orders in North America, South America, Central Asia, Southeast Asia, and Australia. In May 2020, the second prototype of GW155-4.5 was connected to the grid in Liuyuan, Gansu Province.

Goldwind continued to independently innovate offshore products. During the reporting period, GW175-8.0MW offshore turbine of 6S/8S-series completed prototype installation at Xinghua Bay in Fujian Province in April 2020, and finished prototype testing in June 2020. It succeeded with "one-button start" and full-power grid connection. GW175-8.0MW turbine integrated various Goldwind's advanced offshore technologies, including the world-leading rainwater corrosion control technology, blade tip to tower clearance monitoring technology, and the independently-innovated E-TOP and E-Plus design. Winning market popularity promptly after its release, this product made a 100MW-order for the Three Gorges' offshore wind power project at Changle Area A in Fujian Province in June 2020.

In August 2020, Goldwind's first turbine in Yangjiang wind power base was officially launched, and marking the official commencement of large-scale development of construction in Yangjiang. On top of Yangjiang base, the Company will build the largest offshore wind power industry cluster in the southern region, and will build a wind power equipment manufacturing base that "centers Guangdong, spreads to Guangxi and Hainan, and embraces Southeast Asia".

In April 2020, two of Goldwind's research projects were awarded the first prize by the "Scientific and Technological Progress Award of Beijing Science and Technology": The Development and Industrialization of Key Technologies for the Integration of Lightweight Large Rotor and Tall Wind Tower, and Key Technologies and Large-scale Applications of Efficient, Safe, and Active Support for Grid-friendly Wind Turbine.

During the reporting period, the R&D, design and construction of concrete-steel hybrid tower were recognised by the state and related institutions. The 155-meter concrete-steel hybrid tower design independently developed by the Company has obtained design certification by China General Certification Center (CGC). This type of tower will provide solutions for the construction of wind farms in areas with low wind speed, high wind shear, high turbulence, and transportation difficulties, effectively improving turbine performance and wind farm project income. The key technology of 140-meter concrete-steel hybrid tower design and construction, as an important sub-project of The Research and Application of Key Technology for Low Wind Speed and High Wind Shear Wind Power Resources, was granted the first prize of "2019 Engineering Construction Scientific Technology" issued by China Association of Construction Enterprise Management, a national 5A-level association.

b. Product Certificate

In the first half of 2020, Goldwind obtained 35 domestic turbine certificates and 9 foreign certificates, a total of 44 wind turbine certificates, including 20 design certificates, 20 turbine type certificates and 4 Site-Specific Design Assessment (SSDA) certificates. These certificates involved many of Goldwind's major types of turbine across several turbine platforms.

c. Intellectual Property and Standard-setting

Goldwind always attaches significance to R&D investment, and actively protects its core technologies through intellectual property rights. The number of patent applications at home and abroad has kept increasing, and the patent application structure has been optimized continuously.

During the reporting period, Goldwind filed 216 patent applications, including 158 invention patent applications, accounting for 73%. 59 new patent applications were filed abroad, among which 13 were filed in the United States, accounting for 22%. 29 new software copyright applications were filed; and 15 new domestic trademark applications. Meanwhile, the Company obtained 355 patent licenses, including 214 invention patent licenses, accounting for 60%. 52 new overseas patent licenses and 34 new domestic registered trademarks were obtained.

The Company actively participated in the formulation and revision of domestic and international standards for wind power technology. During the reporting period, Goldwind participated in the formulation and revision of 16 International Electrotechnical Commission (IEC) standards, led the development for two standards, and was a participant in 12 International Energy Agency (IEA) projects. The Company participated in the formulation and revision of 230 domestic standards, including 104 national standards, 96 industrial standards and 30 regional and association standards, among which 144 were already published.

3. Quality Management

Facing the arrival of grid-parity era, the impacts by the COVID-19 pandemic, and the accelerated resumption of work in the industry, the Company adjusted promptly in quality management, emphasising that quality management is closed-loop management with customer-orientation approach, and requiring the concept of “one-time pass” to apply to all segments of the entire chain. The Company restructured “Issue To Resolution (ITR)” flow, treating turbine faults and problem-solving process from the customer’s perspective to ensure fast and efficient solutions to quality problems. The Company promoted “Advanced Product Quality Planning (APQP)” management in R&D and supplier end, and introduced quality management tools such as APQP and CMAN (Carry over, Modified, Adopt for the platform, New) to enhance design quality control of new products, established a two-way closed-loop management system, and insure high quality delivery.

The Company adheres to the quality management notion of “wind power marathon”. Putting forward the requirements of quality improvement, the Company also insures quality risk control, enhances efficiency, and facilitates the growth of both scale and profit.

ii. Wind Power Services

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

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

In addition, the Company has to establish a nationwide component maintenance service network for major modules of direct-drive and double-fed technology turbines, providing customers with professional and highly efficient maintenance service, as well as comprehensive, integrated services including transportation, installation, technological optimisation, and insurance claims.

During the reporting period, the Company achieved long-term large component maintenance service cooperation with two major wind power developers. Through 24 hours of rapid response to maintenance and replacement needs, Goldwind’s service helps reduce downtime by more than 50%, minimises power loss, and saves costs related to maintenance services and procurement of spare parts. At the same time, combined with the wind power systematic analysis, the Company’s service team helps find the root cause of component faults and provides more optimised preventive maintenance suggestions, which has been widely recognised by customers.

By the end of the reporting period, the Company's capacity of post warranty service under operation at home and abroad totaled 10,135MW. 22,414 turbines were connected to Goldwind Global Monitor Center, where real-time turbine operation status was provided to customers around the globe.

During the reporting period, revenue from the Wind Power Services was RMB2,227.60 million, representing an increase of 55.04% YoY.

iii. Wind Farm Investment and Development

In order to actively expand the domestic market, the Company continues to develop wind power resources through independent development, joint ventures, and cooperation, actively carries out the development of grid-parity projects, and increases the reserve of advantageous resources. In the first half of 2020, the Company's wind farm investment and development business progressed smoothly, with asset management capabilities being escalated and the quality and efficiency of the existing assets being improved. During the reporting period, the Company's domestic consolidated power production totaled 3.91 billion kWh.

As of the end of the reporting period, the Company added 243.2MW attributable grid-connected wind capacity, and divested 276.5MW attributable grid-connected capacity globally. And the Company's global cumulative grid-connected attributable wind capacity totaled 4,653MW. Under-construction attributable wind projects totaled 2,698MW. The domestic average utilization in the first half of the year reached 1,173 hours, 50 hours above national average level.

The Company's wind farm asset management capacity in China totaled 5,755.4MW, representing an increase of 21.4% YoY. The Company uses data center and digital platform as the bedrock, and adopts laser radar and Efarm technologies, so as to manage power curve on a timely manner, and to improve profitability and asset management efficiency through the application of new technologies and modulated optimisation.

In the first half of 2020, through a variety of measures of design and procurement model optimization, cost control during construction, and smart O&M, the Company realized cost control of the entire project in the development, construction, and operation phases, and formed a continuous LCOE optimization mechanism. The Company focused on increasing power generation and reducing initial investment costs and operation and maintenance costs, and has established an industry-leading LCOE cost control methodology to improve project return.

During the reporting period, generation revenue from wind farm development was RMB2,100.90 million.

Management Discussion and Analysis

iv. Water Treatment Business

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

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

The Company was awarded the "2019 Most Socially Responsible Investment Operation Enterprise" in the 2020 (18th) Water Business Strategy Forum.

As of the end of the reporting period, the Company's owned about 50 water treatment project companies, with treatment of more than 3 million tons of water per day, covering 33 cities in China. During the reporting period, revenue from the water treatment business was RMB272.62 million.

v. Major Subsidiaries

As at 30 June 2020, the Group had 422 subsidiaries, among which 45 were directly owned subsidiaries and 377 were indirectly owned subsidiaries. In addition, the Group had 18 joint ventures, 32 associate companies and 16 equity investments at fair value. These subsidiaries included WTG R&D and manufacturing companies, wind power investment companies, wind power services companies, water treatment and finance lease companies. The following table sets out major financial information of the principal subsidiaries of the Company (reported in accordance with CASBE):

As at 30 June 2020
Unit: RMB

No	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets	Revenue from Operations	Net Profits
1	Beijing Goldwind Science & Creation Wind Power Equipment Co., Ltd.	99,300.00	9,236,505,925.86	1,488,003,901.66	3,589,196,295.03	-78,376,236.65
2	Jiangsu Goldwind Technology Co., Ltd.	75,961.00	3,926,865,051.05	1,503,935,424.93	907,158,214.59	-44,041,436.03
3	Beijing Techwin Electric Co., Ltd.	10,000.00	3,430,637,425.56	1,708,949,771.22	1,800,179,998.05	81,812,667.74
4	Beijing Tianrun New Energy Investment Co., Ltd.	555,000.00	34,593,557,644.42	12,857,937,574.14	2,015,455,678.53	1,502,782,767.26
5	Goldwind Investment Holding Co., Ltd.	100,000.00	4,336,589,990.14	2,016,745,284.95	-	-72,456,945.82
6	Goldwind Environmental Science & Technology Co., Ltd.	100,000.00	6,044,710,363.66	2,375,167,810.33	240,541,792.40	51,950,103.62
7	Tianxin International Finance Lease Co., Ltd.	USD 30 million	4,800,299,756.05	846,273,413.94	173,524,042.55	69,365,255.16
8	Xinjiang Goldwind Financial Company Co., Ltd.	300,000.00	7,915,947,389.39	3,112,798,163.06	99,875,386.00	76,483,678.19

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 report.

Summary

During the six months ended 30 June 2020, the Group's operating revenue was RMB19,366.11 million, representing an increase of 23.35% compared with RMB15,700.02 million for the corresponding period in 2019. Net profit attributable to owners of the Company was RMB1,274.83 million, representing an increase of 7.63% compared with RMB1,184.50 million for the corresponding period in 2019. The Company reported basic earnings per share of RMB0.29.

Revenue

The Group's revenue was generated mainly from (i) WTG Manufacturing, (ii) Wind Power Services, (iii) Wind Farm Development and (iv) others. Revenue from WTG Manufacturing includes the sales of WTGs and components. Revenue from Wind Power Services was mainly generated through services such as wind farm EPC, maintenance and other services. Revenue from Wind Farm Development was mainly generated from the sale of power produced by the Group's operating wind farms. Revenue from other business segments included revenue from the Group's finance lease and water treatment services.

During the six months ended 30 June 2020, the Group's operating revenue was RMB19,366.11 million, representing an increase of 23.35% compared with RMB15,700.02 million for the corresponding period in 2019. Details are set out below:

Unit: RMB thousand

	Six months ended		Amount Change	Percentage Change
	30 June 2020	2019		
WTG Manufacturing	14,565,637	11,635,916	2,929,721	25.18%
Wind Power Services	2,227,595	1,436,802	790,793	55.04%
Wind Farm Development	2,100,895	2,238,017	(137,122)	-6.13%
Others	471,985	389,282	82,703	21.25%
Total	19,366,112	15,700,017	3,666,095	23.35%

Revenue increased during the reporting period mainly due to: (i) the accelerating development of China's wind power industry and the high market recognition of the Group's products during the first half of 2020 leading to sales growth of WTGs; (ii) the growth opportunity for wind power services as a result of the steady increase in the installed capacity in wind power industry and the Group's market planning in wind power service industry leading to significantly increased revenue from wind power service as compared with last year; (iii) the development of Group's diversification strategy leading to the growth in revenue for both water treatment and finance lease services.

Management Discussion and Analysis

Cost of Sales

Unit: RMB thousand

	Six months ended		Amount Change	Percentage Change
	30 June 2020	2019		
WTG Manufacturing	12,820,871	10,320,513	2,500,358	24.23%
Wind Power Services	2,419,167	1,312,367	1,106,800	84.34%
Wind Farm Development	605,699	654,432	(48,733)	-7.45%
Others	202,953	155,107	47,846	30.85%
Total	16,048,690	12,442,419	3,606,271	28.98%

The Group's cost of sales increased mainly due to increased revenue during the reporting period.

Gross Profit

Unit: RMB thousand

	Six months ended		Amount Change	Percentage Change
	30 June 2020	2019		
WTG Manufacturing	1,744,766	1,315,403	429,363	32.64%
Wind Power Services	(191,572)	124,435	(316,007)	-253.95%
Wind Farm Development	1,495,196	1,583,585	(88,389)	-5.58%
Others	269,032	234,175	34,857	14.88%
Total	3,317,422	3,257,598	59,824	1.84%

The Group's gross profit increased mainly due to increased gross profits from WTG Manufacturing. The gross profit for wind power services decreased due to increased percentage of EPC revenue to total revenue and due to delayed operation expenses for some individual wind farm projects overseas during the reporting period.

For the six months ended 30 June 2020 and 2019, the Group's entire gross profit margin were 17.13% and 20.75%, respectively. The gross profit margin for WTG Manufacturing business segment were 11.98% and 11.30%, respectively.

Management Discussion and Analysis

The following table sets out the gross profit margins for the Group's WTGs by unit capacity including the 1.5MW series, 2S series, 3S/4S series, 6S/8S series (prepared in accordance with CASBE):

Gross Profit Margin	Six months ended		Change (percentage points)
	30 June 2020	2019	
6S/8S	16.80%	-1.50%	18.30
3S/4S	15.74%	13.78%	1.96
2S	10.98%	11.37%	-0.39
1.5MW	35.21%	15.48%	19.73

During the reporting period, gross profit margin for 1.5MW series, 3S/4S series and 6S/8S series of WTG had various degrees of increase, while 2S series' gross profit margin decreased slightly.

Other Income and Gains, Net

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

Other income and gains of the Group for the six months ended 30 June 2020 was RMB1,549.64 million, representing a 26.37% increase compared with RMB1,226.29 million for the corresponding period in 2019. This was mainly attributed to the increase in gain from disposal of wind farm projects, bank interest income, which were offset by the decrease in government grants and deferred revenue, etc.

Selling and Distribution Expenses

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

Selling and distribution expenses of the Group for the six months ended 30 June 2020 was RMB1,518.24 million, representing a 20.22% increase compared with RMB1,262.93 million for the corresponding period in 2019. This was mainly due to the delayed operation expenses for some individual wind farm projects overseas, which was offset by the decrease in product warranty provision, travel expenses, etc.

Administrative Expenses

The Group's administrative expenses primarily consisted of R&D expenses, employee benefit expenses, depreciation, consultation fees, travel expenses, etc.

Administrative expenses of the Group for the six months ended 30 June 2020 was RMB1,288.09 million, representing a 7.09% increase compared with RMB1,202.79 million for the corresponding period in 2019. This was mainly attributed to the increase in employee benefit expenses, amortisation, rental expenses, etc.

Management Discussion and Analysis

Impairment Losses on Financial and Contract Assets, Net

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

Impairment losses on financial and contract assets for the six months ended 30 Jun 2020 was RMB228.10 million, representing an increase of 47.69% compared with RMB154.45 million for the corresponding period in 2019. This was mainly attributed to the increase in impairment of trade receivables, other receivables, etc.

Other Expenses

The Group's other expenses primarily consisted of foreign exchange net loss, bank charges and others, asset impairment losses, etc.

Other expenses of the Group for the six months ended 30 June 2020 was RMB200.78 million, representing a 101.20% increase compared with RMB99.79 million for the corresponding period in 2019. This was mainly due to the increase in foreign exchange net loss, which was offset by the decrease in bank charges and others, etc.

The breakdown of other expenses of the Group for the six months ended 30 June 2020 and the six months ended 30 June 2019, and as supplemental information to the annual report of 2019, the twelve months ended 31 December 2019 and the twelve months ended 31 December 2018 were as follow:

Unit: RMB Thousand

Items	Six months ended 30 June		Twelve months ended 31 December	
	2020	2019	2019	2018
Other expenses	200,775	99,789	611,451	195,952
Breakdown:				
Bank charges and others	58,778	83,325	156,688	89,787
Asset impairment losses	–	828	140,984	29,421
Foreign exchange net loss	110,465	–	159,170	18,167
Loss on disposal of non-current assets	212	3,278	4,610	9,539
Penalty expenses	3,092	2,689	14,421	27,979
Disposal of investment properties	17,190	–	60,654	–
Public welfare donations	1,939	451	16,587	7,054
Damage and retirement of non-current assets	19	–	34,204	5,381
Other	9,080	9,218	24,133	8,624
Total	200,775	99,789	611,451	195,952

Finance Costs

Finance costs of the Group for the six months ended 30 June 2020 was RMB438.77 million, representing a decrease of 22.09% compared with RMB563.20 million for the corresponding period in 2019. This was mainly attributed to the decrease in interest expense on interest-bearing bank and other borrowings.

Income Tax Expense

Income tax expense of the Group for the six months ended 30 June 2020 was RMB145.56 million, representing a decrease of 31.06% compared with RMB211.13 million for the corresponding period in 2019. This was mainly attributed to the increase in deferred tax assets recognised during the reporting period.

Financial Position

As at 30 June 2020 and 31 December 2019, total assets of the Group were RMB102,558.27 million and RMB103,057.08 million, respectively. Total current assets of the Group were RMB43,596.11 million and RMB48,444.17 million, respectively. The ratio of current assets to total assets of the Group were 42.51% and 47.01%, respectively. The Group's current assets decreased mainly due to the decrease in assets of disposal groups classified as held for sale, the decrease in the current portion of prepayments, other receivables and other assets, which were offset by the increase in trade and bills receivables and the increase in inventories, etc.

As at 30 June 2020 and 31 December 2019, total non-current assets of the Group were RMB58,962.16 million and RMB54,612.92 million, respectively. The Group's non-current assets increased mainly due to the increase in investments in joint ventures, the increase in property, plant and equipment, the increase in the non-current portion of prepayments, other receivables and other assets, etc.

As at 30 June 2020 and 31 December 2019, total liabilities of the Group were RMB69,635.49 million and RMB70,832.84 million, respectively. Current liabilities of the Group were RMB46,307.20 million and RMB49,568.90 million, respectively. The Group's current liabilities decreased mainly due to the decrease in trade and bills payables, the decrease in liabilities directly associated with the assets classified as held for sale, the decrease in interest-bearing bank and other borrowings, which were offset by the increase in contract liabilities, etc.

As at 30 June 2020 and 31 December 2019, total non-current liabilities of the Group were RMB23,328.29 million and RMB21,263.94 million, respectively. The Group's non-current liabilities increased mainly due to the increase in interest-bearing bank and other borrowings, the increase in provision, the increase in other payables and accruals, etc.

As at 30 June 2020 and 31 December 2019, net current liabilities of the Group were RMB2,711.10 million and RMB1,124.73 million, respectively. Net assets of the Group were RMB32,922.78 million and RMB32,224.25 million, respectively.

As at 30 June 2020 and 31 December 2019, cash and cash equivalents of the Group were RMB7,059.64 million and RMB6,820.78 million, respectively. Total interest-bearing bank and other borrowings of the Group were RMB21,875.53 million and RMB21,741.51 million, respectively.

Management Discussion and Analysis

Financial Resources and Liquidity

Unit: RMB thousand

Cash Flow Statements	Six months ended 30 June	
	2020	2019
Net cash flows from/(used in) operating activities	1,668,658	(3,172,701)
Net cash flows used in investment activities	(648,953)	(4,154,010)
Net cash flows (used in)/from financing activities	(686,763)	7,424,000
Net increase in cash and cash equivalents	332,942	97,289
Cash and cash equivalents at beginning of reporting period	6,807,417	5,012,017
Net effect of foreign exchange rate changes	(95,195)	32,668
Cash and cash equivalents at end of reporting period	7,045,164	5,141,974

1. Net cash flows from operating activities

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

For the six months ended 30 June 2020, the Group reported net cash flows from operating activities of RMB1,668.66 million. Cash inflows were principally comprised of profit before tax of RMB1,434.98 million, adjusted for a RMB8,343.14 million increase in other payables and accruals, a RMB734.65 million occurrence of depreciation, a RMB124.61 million increase in amortisation of other intangible assets, etc. Such cash inflows were offset by a RMB5,348.84 million decrease in trade and bills payables, a RMB1,752.10 million increase in trade and bills receivables, a RMB1,040.06 million gain on disposal of subsidiaries, a RMB770.08 million increase in prepayments, other receivables and other assets, etc.

For the six months ended 30 June 2019, the Group reported net cash flows used in operating activities of RMB3,172.70 million. Cash outflows were principally comprised of a RMB5,575.35 million increase in trade and bills receivables, a RMB3,414.89 million increase in inventories, a RMB775.26 million increase in prepayments, other receivables and other assets, a RMB724.14 million gain on disposal of subsidiaries, a RMB211.13 million income tax paid, etc. Such cash outflows were offset by profit before tax of RMB1,423.44 million, adjusted for a RMB3,543.34 million increase in trade and bills payables, a RMB1,943.18 million increase in other payables and accruals, a RMB734.76 million occurrence of depreciation, etc.

2. Net cash flow used in investing activities

The Group's net cash flows used in investing activities primarily consist of the purchases of items of property, plant and equipment, the acquisition of subsidiaries, the purchase of financial assets, pledged deposits, and non-pledged time deposits with original maturity of three months or more when acquired, etc.

For the six months ended 30 June 2020, the Group reported net cash flows used in investing activities of RMB648.95 million. Cash outflows were principally due to the purchases of items of property, plant and equipment of RMB2,194.80 million, the purchases of financial assets at fair value through profit or loss in the amount of RMB806.00 million, the purchases of interests in joint ventures in the amount of RMB238.20 million, etc. Such cash outflows were offset primarily by disposal of subsidiaries, net of cash disposed of RMB1,275.47 million, cash received on sales consideration receivable from disposal of subsidiaries in previous periods of RMB763.49 million, proceeds from disposal of financial assets at fair value through profit or loss of RMB438.74 million, proceeds from disposal of shareholding in joint ventures and associates of RMB132.04 million, etc.

For the six months ended 30 June 2019, the Group reported net cash flows used in investing activities of RMB4,154.01 million. Cash outflows were principally due to the purchases of items of property, plant and equipment in the amount of RMB4,592.56 million, the purchases of financial assets at fair value through profit or loss in the amount of RMB330.00 million, the purchases of interests in associates in the amount of RMB210.20 million, etc. Such cash outflows were offset primarily by the proceeds from disposal of financial assets at fair value through profit or loss of RMB336.83 million, proceeds from disposal of shareholding in joint ventures and associates of RMB306.23 million, disposal of subsidiaries, net of cash disposed of RMB270.05 million, etc.

3. Net cash flows used in financing activities

The Group's net cash flows used in financing activities primarily consist of repayments of corporate bonds, bank loans and interests, etc. The Group's net cash flows from financing activities primarily consist of new bank loans, the rights issue, etc.

For the six months ended 30 June 2020, the Group reported net cash flows used in financing activities of RMB686.76 million. Cash outflows were principally contributed by repayment of bank loans and other borrowings of RMB4,506.09 million, interest paid of RMB444.26 million, dividend paid of RMB71.60 million, principal portion of lease liabilities payments of RMB62.98 million, etc. Such cash outflows were offset by the increase in new bank loans and other borrowings of RMB4,418.61 million, etc.

For the six months ended 30 June 2019, the Group reported net cash flows from financing activities of RMB7,424.00 million. Cash inflows were principally contributed by new bank loans and other borrowings of RMB6,510.04 million, proceeds from issue of shares of RMB4,644.75 million, etc. Such cash inflows were offset by repayment of bank loans and other borrowings of RMB2,684.62 million, interest paid of RMB575.57 million, the increase in pledged time deposits of RMB388.72 million, etc.

Management Discussion and Analysis

Capital Expenditure

Capital expenditure of the Group for the six months ended 30 June 2020 were RMB2,395.15 million, representing a decrease of 47.03% from RMB4,521.53 million for the six months ended 30 June 2019. The Group's primary financing resources for capital expenditure included bank loans and cash flows from operations of the Group.

Bank Loans and Other Borrowings

As at 30 June 2020, the total amount of interest-bearing bank loans of the Group was RMB20,593.98 million, including amounts due within one year of RMB4,189.90 million, in the second year of RMB2,573.29 million, in the third to fifth year of RMB5,209.32 million, and above five years of RMB8,621.47 million. In addition, as at 30 June 2020, the total amount of other borrowings of the Group was RMB1,281.55 million, including amounts due within one year of RMB353.48 million, in the second year of RMB190.93 million, in the third to fifth year of RMB170.57 million and above five years of RMB566.57 million.

Restricted Assets

As at 30 June 2020, the following assets of the Group with a total carrying value of RMB21,149.84 million were restricted as security for certain bank loans, other banking facilities, finance lease assets and power price swap contract. Such assets included property, plant and equipment of RMB13,124.50 million, trade and bills receivables of RMB4,930.77 million, financial receivables of RMB1,779.03 million, bank deposits of RMB658.84 million, right-of-use assets of RMB626.93 million, prepayments, other receivables and other assets of RMB29.33 million and inventories of RMB0.44 million.

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

Gearing Ratio

As at 30 June 2020 and 31 December 2019, the Group's gearing ratios, defined as net liabilities divided by total capital, were 55.13% and 59.54%, respectively.

Exposure to Fluctuations in Exchange Rates and any Related Hedges

The Group primarily operates its businesses in China. Over 85% of the Group's revenue, expenditure, financial assets and liabilities are denominated in RMB. The exchange rate of the RMB against foreign currencies did not have a significant impact on the Group's businesses. For the six months ended 30 June 2020, the Group's foreign exchange exposure associated with such transactions (except for the functional currency of the relevant operating entities) maintained at a relatively low level. The currency exchange difference incurred by the Group in respect of the long-term equity investment by our subsidiaries incorporated outside China was recorded under the exchange reserve.

Contingent Liabilities

The Group's contingent liabilities primarily consist of issued letters of credit, letters of guarantee, guarantees provided to joint ventures, associate companies, third parties, and compensation arrangements.

As at 30 June 2020 and 31 December 2019, contingent liabilities of the Group were RMB20,811.94 million and RMB21,002.83 million, respectively. Details are set out in Note 30 to the Financial Statements.

Major Investments

The Group made no major investment during the six months ended 30 June 2020.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals during the six months ended 30 June 2020.

IV. OUTLOOK FOR THE SECOND HALF OF 2020

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

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

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

Management Discussion and Analysis

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

The NDRC and the NEA jointly issued the *Notice on the Announcement of Wind and Solar Power Grid-Parity Projects in 2020* (《關於公佈2020年風電·光伏平價上網項目的通知》), announcing a total of 11.3967GW of wind power grid-parity projects installation in 2020, and requiring grid enterprises to prioritise grid connection and guaranteed purchase of grid-parity projects, to speed up the process of grid-parity of wind power and to enhance the market competitiveness of the wind power industry.

Possible Risks

(1) Policy Risk

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

(2) Market Competition Risk

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

(3) Economic Environment and Exchange Rate Fluctuations

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

(4) Continual Impacts by the COVID-19 Pandemic

In 2020, the COVID-19 pandemic broke out globally, causing a huge impact on the world economy. In China, the pandemic has largely been under control, the situation has gradually improved, and work and production has resumed rapidly. However, the situation of the pandemic overseas is still severe. If the pandemic cannot be effectively controlled, and the pandemic situation in China persists in the long-term, it may adversely affect the Company's production and operation.

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

Corporate Competitive Advantages

(1) Market Leading Position

Goldwind was among the earliest enterprises to enter into the field of WTG manufacturers in China. After 20 years of development, Goldwind has gradually become an industry-leading, comprehensive wind power solution provider in both China and overseas. The Group's 1.5MW-unit, 2S-series, 3S/4S-series and 6S/8S-series Permanent Magnet Direct Drive (PMDD) Wind Turbine Generators (WTGs) with independent intellectual property rights represent the most promising technology in global wind power industry. Goldwind was ranked the largest wind power manufacturer in China by market share for nine consecutive years and was ranked the third largest in the world in 2019, symbolising its industry-leading position for many years.

(2) Advanced Products and Technology

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

Management Discussion and Analysis

(3) Brand Awareness and Reputation

The Company attaches great importance to the quality of wind turbine products, and insists on the approach of quality benefits. With more than 20 years of WTG R&D and manufacturing experience, the Company ensures the quality and reliability of the WTGs and to reduce the levelized cost of energy (LCOE) throughout turbine lifecycle. Goldwind has earned good reputation and industry leverage after years of industry precipitation thanks to its advanced technology, excellent quality, high power generation efficiency, warranty service and overall solutions for its customers. It has been highly recognized by the government, customers, partners and investors. Goldwind was also the first wind power enterprise to be awarded the “National Quality Award”, the most-recognised award in the field of quality management in China.

(4) Comprehensive Solution Provider

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

(5) Internationalisation

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

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

Based on information known to the Directors, as at 30 June 2020, the interests and short positions of the Directors, Supervisors and the chief executive in shares of the Company are set out as follows:

Long position:

Name	Capacity	Share Category	Number of Shares	As a Percentage of A Shares	As a Percentage of Total Shares
Mr. Wu Gang	Beneficial owner	A Shares	62,138,411	1.80%	1.47%
Mr. Cao Zhigang	Beneficial owner	A Shares	12,343,283	0.36%	0.29%
Mr. Wang Haibo	Beneficial owner	A Shares	672,100	0.02%	0.02%

Other than as disclosed above, as at 30 June 2020, to the best knowledge of the Company, none of the Directors, Supervisors or the chief executive of the Company had any interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of listed securities of the Company.

Other Information

USE OF PROCEEDS

The Company completed the rights issue of H Shares and A Shares in the first half of 2019, and such new shares have been listed on the Stock Exchange and Shenzhen Stock Exchange. Total gross proceeds raised under the A Share rights issue were approximately RMB3,828.38 million. Total gross proceeds raised under the H Share rights issue were approximately HK\$1,014.03 million, which were used in the 527.5MW Stockyard Hill Wind Farm Project, the 150MW Moorabool North Wind Farm Project, replenishment of working capital and the repayment of interest bearing debts. As at 30 June 2020, all proceeds had been utilised. The use of the proceeds as at 30 June 2020 is as follows:

As at 30 June 2020
Unit: RMB million

	Planned Investment Amount	Adjusted Investment Amount*	Actual Investment Amount	Unused Proceeds
Fundraising Projects				
527.5MW Stockyard Hill Wind Farm Project	1,394.18	1,330.77	1,330.77	–
150MW Moorabool North Wind Farm Project	350.00	315.53	315.53	–
Replenishment of working capital	1,500.00	1,500.00	1,500.00	–
Repayment of interest bearing debts	1,500.00	1,500.00	1,500.00	–
Total	4,744.18	4,646.30	4,646.30	–

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

INTERIM DIVIDENDS

The Board has decided not to distribute payment of interim dividends for the six months ended 30 June 2020.

SHARE CAPITAL STRUCTURE

The particulars of the issued share capital of the Company as at 30 June 2020 are set out as follows:

Share Category	Number of Shares	As a Percentage of Total Shares
A Shares	3,451,495,248	81.69%
H Shares	773,572,399	18.31%
Total	4,225,067,647	100%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, to the best knowledge of the Directors, the following persons (not being the Directors, the Supervisors and the chief executive) had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO:

H Shares:

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

Name of Shareholder	Capacity	Number of Shares	As a Percentage of H Shares ¹	As a Percentage of Total Shares
Schroders Plc	Investment manager	138,639,594 (L)	17.92%	3.28%
BlackRock, Inc.	Interest of controlled corporation	70,043,988 (L)	9.05%	1.66%
		637,634 (S)	0.08%	0.02%
JPMorgan Chase & Co.	Interest of controlled corporation	9,314,687 (L)	1.20%	0.22%
		7,422,078 (S)	0.96%	0.18%
	Investment manager	154,240 (L)	0.02%	0.004%
	Approved lending agent	33,978,719 (L,P)	4.39%	0.80%

Other Information

A Shares (Long Position):

Name of Shareholder	Capacity	Number of Shares	Total	As a Percentage of A Shares	As a Percentage of Total Shares
Xinjiang Wind Power	Beneficial owner	581,548,837	581,548,837	16.85%	13.76%
China Three Gorges New Energy ¹	Beneficial owner	445,008,917			
	Interest in controlled corporation	581,548,837	1,026,557,754	29.74%	24.30%
China Three Gorges ²	Interest in controlled corporation	1,026,557,754	1,026,557,754	29.74%	24.30%
Hexie Health Insurance Co., Ltd.	Beneficial owner	570,585,542	570,585,542	16.53%	13.50%
Fujia Group Co., Ltd.* (福佳集團有限公司) ³	Interest in controlled corporation	570,585,542	570,585,542	16.53%	13.50%

Notes:

1. China Three Gorges New Energy directly holds 445,008,917 A Shares. China Three Gorges New Energy holds 43.33% of the issued share capital of Xinjiang Wind Power. Under the SFO, besides directly holding interests in our Company, China Three Gorges New Energy is deemed to be interested in the 581,548,837 A Shares held by Xinjiang Wind Power.
2. China Three Gorges is the holding company of China Three Gorges New Energy. Under the SFO, the 581,548,837 A Shares held by Xinjiang Wind Power in which China Three Gorges New Energy is deemed to be interested, and the 445,008,917 A Shares directly held by China Three Gorges New Energy are deemed to be the interests of China Three Gorges in our Company.
3. Fujia Group Co., Ltd.* (福佳集團有限公司) is a controlling shareholder of Hexie Health Insurance Co., Ltd., holding 51% of its total equity interests. Under the SFO, Fujia Group Co., Ltd. is deemed to be interested in the 570,585,542 A Shares held by Hexie Health Insurance Co., Ltd.

Other than as disclosed above, as at 30 June 2020, to the best knowledge of the Directors, no other persons (excluding Directors, Supervisors, and the chief executive) had an interest or short position in shares of the Company which would require disclosure under the provisions of Divisions 2 and 3 of Part XV of the SFO.

NUMBER OF SHAREHOLDERS

As at 30 June 2020, the total of the Shareholders was 140,961, among which the numbers of holders of A Shares and H Shares were 139,730 and 1,231, respectively.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the reporting period, the Company had complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct governing Directors', Supervisors' and the chief executive's dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code. Upon specific enquiries by the Company, all Directors, Supervisors and the chief executive have confirmed that they had complied with the provisions of the Model Code during the six months ended 30 June 2020 and up to the Latest Practicable Date.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at the Latest Practicable Date, the Audit Committee consisted of two independent non-executive Directors, namely Dr. Tin Yau Kelvin Wong and Ms. Yang Jianping, and one non-executive Director, namely Mr. Lu Hailin. The chairman of the Audit Committee was Dr. Tin Yau Kelvin Wong. The Audit Committee and the Company's auditors, Deloitte Touche Tohmatsu, have reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

CHANGES TO INFORMATION ON DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

On 8 June 2020, Ms. Gu Hongmei resigned as the non-executive Director.

The Board reviewed the "Proposal on Recommending Company Director Candidates" on 23 June 2020 and recommended Ms. Dong Zhenyu as a non-executive Director. The recommendation will be presented to the shareholders for election at the extraordinary general meeting to be held on 16 October 2020. Please refer to the notice of extraordinary general meeting of the Company dated 31 August 2020 for details.

Other than as disclosed above, to the best knowledge of the Company, during the six months ended 30 June 2020, there were no changes to information that were required to be disclosed by the Directors, Supervisors and chief executive pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

HUMAN RESOURCES

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

As at 30 June 2020, the Group had a total of 8,798 employees.

Other Information

SUFFICIENCY OF PUBLIC FLOAT

From publicly available information and to the best knowledge of the Directors, the Company had maintained a sufficient public float as required under the Listing Rules throughout the period ended 30 June 2020 and up to the Latest Practicable Date.

INVESTOR RELATIONS

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

During the six months ended 30 June 2020, the Company strictly complied with its disclosure obligations, improved its communications with investors, and strived to provide investors with a fair and transparent investment environment. During the same period, the Company's Investor Relations division organized two results announcement telephone conferences, accommodated a total of 496 investors in such events; organized two online Q&A investor interactive sessions, and answered 85 questions from investors. In addition, the Company hosted 15 investor visits, attended one analyst conferences during the reporting period, hosted a total of 61 investors in such events.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

To the shareholders of Xinjiang Goldwind Science & Technology Co., Ltd.

(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statement of Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries set out on pages 36 to 102, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
REVENUE	4	19,366,112	15,700,017
Cost of sales		(16,048,690)	(12,442,419)
Gross profit		3,317,422	3,257,598
Other income and gains, net	5	1,549,643	1,226,289
Selling and distribution expenses		(1,518,238)	(1,262,931)
Administrative expenses		(1,288,087)	(1,202,789)
Impairment losses on financial and contract assets, net		(228,102)	(154,450)
Other expenses		(200,775)	(99,789)
Finance costs	7	(438,773)	(563,201)
Share of profits of:			
Joint ventures		221,117	215,972
Associates		20,769	6,741
PROFIT BEFORE TAX	6	1,434,976	1,423,440
Income tax expense	8	(145,555)	(211,133)
PROFIT FOR THE PERIOD		1,289,421	1,212,307
Profit attributable to:			
Owners of the Company		1,274,828	1,184,500
Non-controlling interests		14,593	27,807
		1,289,421	1,212,307

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Note	For the six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
<i>Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		12,421	149,874
<i>Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		29,242	(117,900)
Cash flow hedges, net of tax		198,703	(82,901)
Hedges of net investment in overseas operations, net of tax		(758)	–
Share of other comprehensive expenses of associates		(44,902)	(7,370)
Net other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods, net of tax		182,285	(208,171)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX		194,706	(58,297)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		1,484,127	1,154,010
Total comprehensive income attributable to:			
Owners of the Company		1,470,749	1,123,873
Non-controlling interests		13,378	30,137
		1,484,127	1,154,010
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (expressed in RMB per share)	10	0.29	0.30

Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	30,221,900	29,010,372
Investment properties		30,222	34,028
Right-of-use assets	12	1,314,665	1,169,505
Goodwill		474,924	470,160
Other intangible assets		3,647,987	3,661,961
Investments in joint ventures		4,956,856	3,014,696
Investments in associates		1,506,437	1,476,425
Equity investments designated at fair value through other comprehensive income	13	197,399	209,786
Financial assets at fair value through profit or loss	14	1,303,232	787,357
Other non-current financial assets	15	166,396	306,539
Deferred tax assets	16	1,885,776	1,864,270
Financial receivables	18	7,006,977	7,461,270
Prepayments, other receivables and other assets	19	2,226,816	1,176,854
Contract assets	23	3,688,412	3,719,519
Derivative financial instruments	20	226,969	143,803
Pledged deposits	22	107,195	106,371
Total non-current assets		58,962,163	54,612,916
CURRENT ASSETS			
Inventories	21	8,754,811	8,123,837
Trade and bills receivables	17	19,575,102	17,993,212
Prepayments, other receivables and other assets	19	5,040,653	6,214,235
Financial receivables	18	452,674	466,083
Derivative financial instruments	20	39,341	99,706
Financial assets at fair value through profit or loss	14	309,856	400,000
Other non-current financial assets	15	3,996	7,821
Pledged deposits	22	551,642	426,733
Contract assets	23	1,808,394	1,677,981
Cash and cash equivalents	22	7,059,636	6,820,780
		43,596,105	42,230,388
Assets of disposal groups classified as held for sale		–	6,213,780
Total current assets		43,596,105	48,444,168

Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	24	19,975,603	25,427,975
Other payables and accruals	25	19,844,224	12,185,680
Derivative financial instruments	20	94,418	15,745
Interest-bearing bank and other borrowings	26	4,543,382	5,705,324
Tax payable		176,249	299,919
Provision		1,673,327	1,608,494
		46,307,203	45,243,137
Liabilities directly associated with the assets classified as held for sale		–	4,325,763
Total current liabilities		46,307,203	49,568,900
NET CURRENT LIABILITIES		(2,711,098)	(1,124,732)
TOTAL ASSETS LESS CURRENT LIABILITIES		56,251,065	53,488,184
NON-CURRENT LIABILITIES			
Trade payables	24	1,581,304	1,477,772
Other payables and accruals	25	698,653	343,558
Interest-bearing bank and other borrowings	26	17,332,146	16,036,190
Deferred tax liabilities	16	790,288	947,737
Provision		2,607,377	2,186,405
Government grants		222,778	214,510
Derivative financial instruments	20	48,599	35,825
Deferred income		47,140	21,938
Total non-current liabilities		23,328,285	21,263,935
Net assets		32,922,780	32,224,249
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	4,225,068	4,225,068
Reserves		27,142,891	26,450,053
		31,367,959	30,675,121
Non-controlling interests		1,554,821	1,549,128
Total equity		32,922,780	32,224,249

Wu Gang
Director

Cao Zhigang
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company											
	Share capital (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Special Reserve (Unaudited) RMB'000	Statutory surplus reserve (Unaudited) RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Other equity instruments (Unaudited) RMB'000	Hedging-reserve (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Total (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
As at 1 January 2020	4,225,068	12,091,099	-	1,438,513	25,384	(249,326)	1,993,618	(132,732)	11,283,497	30,675,121	1,549,128	32,224,249
Profit for the period	-	-	-	-	-	-	-	-	1,274,828	1,274,828	14,593	1,289,421
Other comprehensive (expenses)/income for the period:												
Changes in fair value of financial assets, net of tax	-	-	-	-	12,418	-	-	-	-	12,418	3	12,421
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(65,520)	-	(65,520)	-	(65,520)
Release on disposal of subsidiaries (Note 5)	-	-	-	-	-	-	-	264,223	-	264,223	-	264,223
Hedges of net investment in overseas operations	-	-	-	-	-	-	(758)	-	-	(758)	-	(758)
Share of other comprehensive income of associates	-	(44,902)	-	-	-	-	-	-	-	(44,902)	-	(44,902)
Exchange differences on translation of foreign operations	-	-	-	-	-	30,460	-	-	-	30,460	(1,218)	29,242
Total comprehensive (expenses)/income for the period	-	(44,902)	-	-	12,418	30,460	-	197,945	1,274,828	1,470,749	13,378	1,484,127
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	27,665	27,665
Cancellation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(8,150)	(8,150)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(900)	(900)	(5,600)	(6,500)
Final 2019 dividend declared	-	-	-	-	-	-	-	-	(676,011)	(676,011)	-	(676,011)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(21,600)	(21,600)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(19,413)	-	-	-	19,413	-	-	-
Transfer to special reserve	-	-	22,716	-	-	-	-	-	(22,716)	-	-	-
Utilisation of special reserve	-	-	(22,716)	-	-	-	-	-	22,716	-	-	-
Distribution of other equity instruments	-	-	-	-	-	-	-	-	(101,000)	(101,000)	-	(101,000)
At 30 June 2020	4,225,068	12,046,197	-	1,438,513	18,389	(218,866)	1,993,618	65,213	11,799,827	31,367,959	1,554,821	32,922,780

	Attributable to owners of the Company											
	Share capital (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Special Reserve (Unaudited) RMB'000	Statutory surplus reserve (Unaudited) RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Other equity instruments (Unaudited) RMB'000	Hedging-reserve (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Total (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
As at 1 January 2019	3,556,203	8,183,278	-	1,298,871	(224,185)	(318,642)	1,993,618	(15,504)	10,487,579	24,961,218	1,513,906	26,475,124
Profit for the period	-	-	-	-	-	-	-	-	1,184,500	1,184,500	27,807	1,212,307
Other comprehensive (expenses)/income for the period:												
Changes in fair value of financial assets, net of tax	-	-	-	-	149,874	-	-	-	-	149,874	-	149,874
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(82,901)	-	(82,901)	-	(82,901)
Share of other comprehensive income of associates	-	(7,370)	-	-	-	-	-	-	-	(7,370)	-	(7,370)
Exchange differences on translation of foreign operations	-	-	-	-	-	(120,230)	-	-	-	(120,230)	2,330	(117,900)
Total comprehensive (expenses)/income for the period	-	(7,370)	-	-	149,874	(120,230)	-	(82,901)	1,184,500	1,123,873	30,137	1,154,010
Capital contributions from shareholders	668,865	3,916,673	-	-	-	-	-	-	-	4,585,538	-	4,585,538
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	17,254	17,254
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	17,871	17,871
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(1,328)	(1,328)	(5,241)	(6,569)
Final 2018 dividend declared	-	-	-	-	-	-	-	-	(1,056,267)	(1,056,267)	-	(1,056,267)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(10,500)	(10,500)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(38,961)	-	-	-	38,961	-	-	-
Changing from equity investments designated at fair value through other comprehensive income to investment in associates	-	-	-	-	155,900	-	-	-	(155,900)	-	-	-
Transfer to special reserve	-	-	13,473	-	-	-	-	-	(13,473)	-	-	-
Utilisation of special reserve	-	-	(13,473)	-	-	-	-	-	13,473	-	-	-
Distribution of other equity instruments	-	-	-	-	-	-	-	-	(100,589)	(100,589)	-	(100,589)
At 30 June 2019	4,225,068	12,092,581	-	1,298,871	42,628	(438,872)	1,993,618	(98,405)	10,396,956	29,512,445	1,563,427	31,075,872

* As at 30 June 2020, these reserve accounts comprised the consolidated reserves of RMB27,142,891,000 (30 June 2019: RMB25,287,377,000) (unaudited) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
	Notes	(Unaudited) RMB'000	(Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,434,976	1,423,440
Adjustments for:			
Finance costs	7	438,773	563,201
Bank interest income	5	(150,238)	(102,941)
Share of profits of joint ventures		(221,117)	(215,972)
Share of profits of associates		(20,769)	(6,741)
Depreciation of property, plant and equipment and investment properties	6	695,034	681,771
Depreciation of right-of-use assets	6	39,615	52,988
Amortisation of other intangible assets	6	124,606	71,446
Gain on disposal of items of property, plant and equipment	5	(11,682)	(23,055)
Loss on disposal of items of property, plant and equipment and other intangible assets		792	3,278
Gain on disposal of investment properties	5	(19,193)	–
Gain on disposal of subsidiaries, including wind farm project companies	5	(264,708)	(724,135)
Loss on cancellation and liquidation of subsidiaries		9,580	–
Gain on remaining equity interests in investees at the date of losing control	5	(775,356)	–
Gain on disposal of financial assets at fair value through profit or loss	5	(27,766)	–
Dividend income from equity investments designated at fair value through other comprehensive income	5	(1,781)	(4,534)
Dividend income from other non-current financial assets	5	(29,620)	(14,216)
Gain on disposal of investment in an associate and joint ventures	5	(2,722)	–
Interests from other investments		–	(894)
Fair value (gains)/losses, net:			
Derivative financial instruments			
– transactions not qualifying as hedges	5	(29,621)	(2,447)
Unlisted equity investments	5	(51,422)	(60,211)
Listed equity investments	5	24,222	(21,956)
Structured deposit	5	(3,856)	–
Impairment of trade and other receivables	6	220,702	153,115
Impairment of contract assets	6	612	905
Impairment of other non-current financial assets	6	(92)	32
Impairment of financial receivables	6	6,880	398
Impairment of write-down of inventories to net realisable value	6	22,527	7,365
Impairment of goodwill	6	–	828
		1,408,376	1,781,665

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

For the six months ended 30 June
2020
2019

Notes	(Unaudited) RMB'000	(Unaudited) RMB'000
Increase in inventories	(651,391)	(3,414,889)
Increase in contract assets	(168,711)	(183,092)
Increase in trade and bills receivables	(1,752,097)	(5,575,354)
Increase in prepayments, other receivables and other assets	(770,083)	(775,261)
Decrease/(increase) in financial receivables	461,087	(442,410)
(Decrease)/increase in trade and bills payables	(5,348,840)	3,543,344
Increase in other payables and accruals	8,343,141	1,943,181
Increase in provision	485,805	147,985
Increase/(decrease) in government grants and deferred revenue	33,470	(33,487)
Cash generated from/(used in) operations	2,040,757	(3,008,318)
Interest received	49,526	46,750
Income tax paid	(421,625)	(211,133)
Net cash flows generated from/(used in) operating activities	1,668,658	(3,172,701)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(2,194,799)	(4,592,564)
Purchases to other intangible assets	(18,051)	(58,639)
Purchases to right-of-use assets	(49,405)	(104,104)
Acquisition of subsidiaries, net of cash acquired	28	(44,156)
Payment of purchase consideration payable for acquisition of subsidiaries in previous periods	(26,817)	-
Purchases of interests in joint ventures	(238,199)	(32,200)
Purchases of interests in associates	(24,000)	(210,203)
Purchases of equity investments designated at fair value through other comprehensive Income	(224,625)	-
Purchases of financial assets at fair value through profit or loss	(806,000)	(330,000)
Loans to third-parties	(60,247)	-
Purchases of other non-current financial assets	-	(37,621)
Proceeds from disposal of items of property, plant and equipment and other intangible assets	29	64,200
Disposal of subsidiaries, net of cash disposed of	1,275,469	270,051
Cash received on sales consideration receivable from disposal of subsidiaries in previous periods	763,487	-
Decrease in non-pledged time deposits with original maturity of three months or more when acquired	-	3
Increase in pledged time deposits	(43,586)	(25,298)
Dividends received from joint ventures and associates	36,936	35,607
Dividend received from equity investments at fair value through other comprehensive income	5	-
Dividend received from financial assets at fair value through profit or loss	3,500	-
Dividend received from other non-current financial assets	37,021	3,792
Proceeds from disposal of shareholding in joint ventures and associates	132,042	306,230
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	28,083	257,154
Proceeds from disposal of financial assets at fair value through profit or loss	438,744	336,826
Proceeds from disposal of other non-current financial assets	140,000	-
Cash from other investments	8,882	6,912
Net cash flows used in investing activities	(648,953)	(4,154,010)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Note	For the six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		4,418,610	6,510,036
Repayment of bank loans and other borrowings		(4,506,087)	(2,684,622)
Interest paid		(444,255)	(575,566)
Capital contributions from non-controlling shareholders		27,665	15,783
Principal portion of lease liabilities payments		(62,975)	(25,984)
Fees for new bank and other borrowings		(18,240)	(59,180)
Acquisition of non-controlling interests in subsidiaries		(6,500)	–
Proceeds from issue of shares		–	4,644,753
Dividends paid		(71,600)	(12,496)
Increase in amounts due to non-controlling shareholders		7,384	–
Increase in pledged time deposits		(30,765)	(388,724)
Net cash flows (used in)/generated from financing activities		(686,763)	7,424,000
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		6,807,417	5,012,017
Effect of foreign exchange rate changes, net		(95,195)	32,668
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	22	7,045,164	5,141,974

Notes to the Condensed Consolidated Financial Statements

30 June 2020

1. CORPORATE AND GROUP INFORMATION

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

The Group is 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.

The Company has no controlling shareholder.

2. BASIS OF PREPARATION AND CHANGES IN THE ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

2. BASIS OF PREPARATION AND CHANGES IN THE ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new amendments effective as of 1 January 2020 set out below. The Group has not early applied the new and amendments to IFRS Standards that have been issued but are not yet effective.

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

(a) Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

(b) Impacts and accounting policies on application of Amendments to IFRS 3 "Definition of a Business"

Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Notes to the Condensed Consolidated Financial Statements

30 June 2020

2. BASIS OF PREPARATION AND CHANGES IN THE ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) Impacts and accounting policies on application of Amendments to IFRS 3 “Definition of a Business” (continued)

Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

(c) Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Accounting policies

Hedging accounting

For the purpose of determining whether a forecast transaction (or a component thereof) in a cash flow hedge is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

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

Cash flow hedges

For the purpose of reclassifying the amount of accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Transition and summary of effects

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

Notes to the Condensed Consolidated Financial Statements

30 June 2020

3. OPERATING SEGMENT INFORMATION

The following tables present revenue and profit information about the Group's operating segments for the six months ended 30 June 2020 and 2019:

For the six months ended 30 June 2020

	Wind turbine generator manufacturing and sale (Unaudited) RMB'000	Wind power services (Unaudited) RMB'000	Wind farm development (Unaudited) RMB'000	Others (Unaudited) RMB'000	Eliminations (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue:						
Revenue from external customers	14,565,637	2,227,595	2,100,895	471,985	–	19,366,112
Intersegment sales	958,810	290,419	93	105,795	(1,355,117)	–
Total revenue	15,524,447	2,518,014	2,100,988	577,780	(1,355,117)	19,366,112
Segment results:						
Interest income	41,133	(358,478)	1,578,535	216,834	245,487	1,723,511
Finance costs	233,964	3,435	48,925	118,849	(254,935)	150,238
	(87,952)	(21)	(462,685)	(104,556)	216,441	(438,773)
Profit before tax	187,145	(355,064)	1,164,775	231,127	206,993	1,434,976
Other segment information:						
Share of profits and losses of:						
Associates	(5,167)	(447)	14,135	12,248	–	20,769
Joint ventures	376	–	249,732	(28,991)	–	221,117
Depreciation and amortisation	208,173	16,009	692,911	37,277	(47,248)	907,122
Impairment of inventories, net	22,527	–	–	–	–	22,527
Impairment of trade and other receivables, net	138,674	50,050	(8,272)	10,377	29,873	220,702
Impairment/(reversal) of contract assets, net	69	(308)	851	–	–	612
Impairment of financial receivables, net	–	–	6,810	70	–	6,880
Reversal of other non-current financial assets, net	–	–	(92)	–	–	(92)
Product warranty provision	538,919	–	–	–	(22,373)	516,546
Delayed Operation Expenses (Note 6)	–	–	327,079	–	–	327,079
Capital expenditure ⁽¹⁾	225,130	417	2,242,480	56,959	(129,840)	2,395,146

Notes to the Condensed Consolidated Financial Statements

30 June 2020

3. OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue and profit information about the Group's operating segments for the six months ended 30 June 2020 and 2019: (continued)

For the six months ended 30 June 2019

	Wind turbine generator manufacturing and sale (Unaudited) RMB'000	Wind power services (Unaudited) RMB'000	Wind farm development (Unaudited) RMB'000	Others (Unaudited) RMB'000	Eliminations (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue:						
Revenue from external customers	11,635,916	1,436,802	2,238,017	389,282	–	15,700,017
Intersegment sales	328,411	428,550	–	108,190	(865,151)	–
Total revenue	11,964,327	1,865,352	2,238,017	497,472	(865,151)	15,700,017
Segment results:						
Interest income	(307,238)	10,887	1,742,242	369,787	68,022	1,883,700
Interest income	229,413	1,352	23,044	59,478	(210,346)	102,941
Finance costs	(112,307)	–	(558,163)	(66,860)	174,129	(563,201)
Profit before tax	(190,132)	12,239	1,207,123	362,405	31,805	1,423,440
Other segment information:						
Share of profits and losses of:						
Joint ventures	–	–	178,645	37,327	–	215,972
Associates	(15,528)	–	9,681	12,588	–	6,741
Depreciation and amortisation	165,195	18,649	649,892	29,760	(43,067)	820,429
Impairment of inventories, net	7,365	–	–	–	–	7,365
Impairment of trade and other receivables, net	145,519	–	6,723	55,179	(54,306)	153,115
Impairment of financial receivables, net	–	–	–	398	–	398
Impairment of contract assets, net	905	–	–	–	–	905
Impairment of other non-current financial assets, net	–	–	32	–	–	32
Impairment of goodwill	–	–	828	–	–	828
Product warranty provision	582,173	–	–	–	(28,221)	553,952
Capital expenditure ⁽¹⁾	244,529	4,371	4,270,873	39,051	(37,290)	4,521,534

⁽¹⁾ Capital expenditure mainly consists of additions to property, plant and equipment, other intangible assets and right-of-use assets, including assets from the acquisition of subsidiaries.

Notes to the Condensed Consolidated Financial Statements

30 June 2020

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2020 and 31 December 2019:

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Unallocations and eliminations RMB'000	Total RMB'000
Segment assets						
30 June 2020 (Unaudited)	64,139,336	4,407,075	53,280,579	23,054,159	(42,322,881)	102,558,268
31 December 2019 (Audited)	69,515,510	3,963,311	56,669,364	22,354,118	(49,445,219)	103,057,084
Segment liabilities						
30 June 2020 (Unaudited)	39,042,651	3,413,366	37,694,879	14,216,639	(24,732,047)	69,635,488
31 December 2019 (Audited)	43,043,883	2,437,233	42,507,694	14,851,892	(32,007,867)	70,832,835
Investments in joint ventures						
30 June 2020 (Unaudited)	3,182	–	4,749,909	265,803	(62,038)	4,956,856
31 December 2019 (Audited)	2,802	–	2,764,288	309,644	(62,038)	3,014,696
Investments in associates						
30 June 2020 (Unaudited)	180,459	9,528	766,895	558,168	(8,613)	1,506,437
31 December 2019 (Audited)	185,188	9,975	730,319	559,502	(8,559)	1,476,425

Notes to the Condensed Consolidated Financial Statements

30 June 2020

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
China	17,273,800	14,014,663
Other countries	2,092,312	1,685,354
	19,366,112	15,700,017

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

(b) Non-current assets

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
	China	36,503,178
United States of America	1,766,696	1,746,311
Australia	4,288,206	3,017,188
Argentina	4,260,052	4,074,013
Panama	–	661,061
Germany	473,026	501,071
Other countries	11,210	83,091
	47,302,368	42,510,840

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

Notes to the Condensed Consolidated Financial Statements

30 June 2020

3. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

For the six months ended 30 June 2020, revenues of approximately RMB1,965,968,000 were derived from sales by the wind farm development 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.

For the six months ended 30 June 2019, revenues of approximately RMB2,175,319,000 were derived from sales by the wind turbine generator manufacturing and sales 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.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sale of wind turbine generators and wind power components	14,565,637	11,635,916
Wind power generation	2,100,895	2,238,017
Wind power services	2,227,595	1,436,802
Others	304,070	214,040
	19,198,197	15,524,775
Revenue from other sources		
Gross rental income	167,915	175,242
	19,366,112	15,700,017

Notes to the Condensed Consolidated Financial Statements

30 June 2020

4. REVENUE (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2020 (Unaudited)

Segments	Sale of wind turbine generators and wind power components RMB'000	Wind farm development RMB'000	Wind power services RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Sale of wind turbine generators and wind power components	14,565,637	–	–	–	14,565,637
Wind power generation	–	2,100,895	–	–	2,100,895
Wind power services	–	–	2,227,595	–	2,227,595
Others	–	–	–	304,070	304,070
Total revenue from contracts with customers	14,565,637	2,100,895	2,227,595	304,070	19,198,197
Geographical markets					
China	14,166,648	1,920,190	714,977	304,070	17,105,885
Other countries	398,989	180,705	1,512,618	–	2,092,312
Total revenue from contracts with customers	14,565,637	2,100,895	2,227,595	304,070	19,198,197
Timing of revenue recognition					
Goods transferred at a point in time	14,565,637	2,100,895	–	29,042	16,695,574
Services transferred over time	–	–	2,227,595	275,028	2,502,623
Total revenue from contracts with customers	14,565,637	2,100,895	2,227,595	304,070	19,198,197

Notes to the Condensed Consolidated Financial Statements

30 June 2020

4. REVENUE (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the six months ended 30 June 2019 (Unaudited)

Segments	Sale of wind turbine generators and wind power components RMB'000	Wind farm development RMB'000	Wind power services RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Sale of wind turbine generators and wind power components	11,635,916	–	–	–	11,635,916
Wind power generation	–	2,238,017	–	–	2,238,017
Wind power services	–	–	1,436,802	–	1,436,802
Others	–	–	–	214,040	214,040
Total revenue from contracts with customers	11,635,916	2,238,017	1,436,802	214,040	15,524,775
Geographical markets					
China	11,101,077	2,111,515	412,789	214,040	13,839,421
Other countries	534,839	126,502	1,024,013	–	1,685,354
Total revenue from contracts with customers	11,635,916	2,238,017	1,436,802	214,040	15,524,775
Timing of revenue recognition					
Goods transferred at a point in time	11,635,916	2,238,017	–	977	13,874,910
Services transferred over time	–	–	1,436,802	213,063	1,649,865
Total revenue from contracts with customers	11,635,916	2,238,017	1,436,802	214,040	15,524,775

Notes to the Condensed Consolidated Financial Statements

30 June 2020

4. REVENUE (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligation

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 is 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.

Notes to the Condensed Consolidated Financial Statements

30 June 2020

5. OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Bank interest income	150,238	102,941
Dividend income from equity investments designated at fair value through other comprehensive income	1,781	4,534
Dividend income from other non-current financial assets	29,620	14,216
Gross rental income from investment properties and equipment	6,897	9,203
Government grants and deferred revenue	38,363	72,311
Value-added tax ("VAT") refund	32,886	54,598
Insurance compensation on product warranty expenditures	96,932	69,215
Provision of technical service	11,312	458
Gain on disposal of investments in joint ventures and associates	2,722	–
Gain on disposal of subsidiaries:		
Gain on disposal of interests in subsidiaries	528,931	724,135
Loss previously reported in other comprehensive income	(264,223)	–
Gain on remaining equity interests in investees at the date of losing control	775,356	–
Gain on disposal of financial assets at fair value through profit or loss	27,766	–
Gain on disposal of items of property, plant and equipment	11,682	23,055
Gain on disposal of investment properties	19,193	–
Fair value gains/(loss), net:		
Derivative financial instruments – transactions not qualifying as hedges	29,621	2,447
Unlisted equity investments	51,422	60,211
Listed equity investments	(24,222)	21,956
Structured deposit	3,856	–
Gain on foreign exchange difference	–	50,865
Others	19,510	16,144
	1,549,643	1,226,289

Notes to the Condensed Consolidated Financial Statements

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6. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Cost of inventories sold		12,820,871	10,320,513
Cost of wind power generation		605,699	654,432
Cost of wind power services		2,419,167	1,312,367
Cost of others		202,953	155,107
		16,048,690	12,442,419
Depreciation provided for:			
Property, plant and equipment	11	694,515	680,028
Right-of-use assets	12	39,615	52,988
Investment properties		519	1,743
		734,649	734,759
Amortisation of other intangible assets		124,606	71,446
Impairment of trade receivables	17	233,748	355,301
Reversal of impairment of trade receivables	17	(67,582)	(205,357)
		166,166	149,944
Impairment of other receivables	19	58,346	17,597
Reversal of impairment of other receivables	19	(3,810)	(14,426)
		54,536	3,171

Notes to the Condensed Consolidated Financial Statements

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6. PROFIT BEFORE TAX (continued)

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

	Notes	For the six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Impairment of financial receivables	18	6,910	2,344
Reversal of impairment of financial receivables	18	(30)	(1,946)
		6,880	398
Impairment of contract assets	23	2,802	1,806
Reversal of impairment of contract assets	23	(2,190)	(901)
		612	905
Impairment of other non-current financial assets	15	47	32
Reversal of impairment of other non-current financial assets	15	(139)	–
		(92)	32
Impairment of goodwill		–	828
Impairment of inventories		22,527	7,365
Auditor's remuneration		1,651	1,651
Employee benefit expenses (including directors', supervisors' and the chief executive's remuneration):			
Wages and salaries		866,396	812,500
Pension scheme contributions (defined contribution scheme)		70,096	85,327
Welfare and other expenses		123,173	183,892
		1,059,665	1,081,719

Notes to the Condensed Consolidated Financial Statements

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6. PROFIT BEFORE TAX (continued)

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

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Research and development costs:		
Staff costs	224,573	279,895
Amortisation and depreciation	62,601	27,939
Materials expenditure and others	136,511	117,728
	423,685	425,562
Product warranty provision:		
Additional provision	793,753	693,512
Reversals of unutilised provision	(277,207)	(139,560)
	516,546	553,952
Delayed operation expenses (Note)	327,079	–

Note:

During the period, as a result of the delay in the commercial operation date as agreed in the power purchase agreements signed with the local power grid company, certain subsidiaries of the Group undertook the delayed operation expenses amounting to RMB327,079,000 to local power grid company. Further details are disclosed in Note 30.

Notes to the Condensed Consolidated Financial Statements

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7. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans and other borrowings	476,064	562,632
Interest on lease liability	33,432	15,807
Less: Interest capitalised	(70,723)	(15,238)
	438,773	563,201

8. INCOME TAX EXPENSE

The Company and seven (31 December 2019: six) subsidiaries of the Company have been identified as “high and new technology enterprises” and were entitled to preferential income tax at a rate of 15% for the six months ended 30 June 2020 in accordance with the PRC Corporate Income Tax Law.

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

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

During the period from 1 January 2019 to 31 December 2021, for certain subsidiaries of the Company in China which are small and micro-sized enterprises, the following Tax policy applies: for annual income amount of RMB1 million or below, the taxable income amount should be computed at 25% of the annual income and subject to a tax rate of 20%; for annual income amount of over RMB1 million but does not exceed RMB3 million, the taxable income amount should be computed at 50% of the annual income and subject to a tax rate of 20%.

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

Certain subsidiaries of the Company in overseas countries are subject to corporate income tax at a rate varying from 10% to 34% (for the six months ended 30 June 2019: 10% to 34%).

Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2019: 16.5%) on the estimated assessable profits arising in Hong Kong, China during the year.

Notes to the Condensed Consolidated Financial Statements

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8. INCOME TAX EXPENSE (continued)

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.

		For the six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Current		297,955	275,721
Deferred	16	(152,400)	(64,588)
Tax charge for the period		145,555	211,133

9. DIVIDENDS

The proposed final cash dividends of RMB1.60 (tax included) per each 10 shares, which amounted to RMB676,011,000 of cash dividends for the year ended 31 December 2019, were approved by the Company's shareholders on 23 June 2020.

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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

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 six months ended 30 June 2020 and 2019.

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10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

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

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Profit attributable to ordinary equity holders of the Company	1,274,828	1,184,500
Less: distribution relating to the perpetual medium-term notes (i)	(50,224)	(50,085)
Profit used to determine basic earnings per share	1,224,604	1,134,415
Weighted average number of ordinary shares in issue ('000)	4,225,068	3,845,242
Basic and diluted earnings per shares (expressed in RMB per share)	0.29	0.30

- (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 Perpetual Medium-term Notes which has been generated but not yet declared, from 1 January 2020 to 30 June 2020 and from 1 January 2019 to 30 June 2019, was deducted from earnings when calculating the earnings per share for the six months ended 30 June 2020 and 2019.

Notes to the Condensed Consolidated Financial Statements

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11. PROPERTY, PLANT AND EQUIPMENT

	Notes	For the six months ended 30 June 2020 (Unaudited) RMB'000	Year ended 31 December 2019 (Audited) RMB'000
At beginning of the period/year		29,010,372	25,508,730
Effect of adoption of IFRS 16		–	(301,805)
Additions		2,522,843	12,295,671
Disposals		(61,630)	(230,846)
Depreciation provided for the period/year	6	(694,515)	(1,318,529)
Acquisition of subsidiaries	28	1,014	197
Disposals of subsidiaries	29	(544,139)	(1,564,189)
Transfer to right-of-use assets	12	–	(16,112)
Transfer to other intangible assets		–	(3,940)
Transfer to assets classified as held for sale		–	(5,075,043)
Unrealized gains realized for the period/year		(92,466)	(259,079)
Impairment		–	(3,873)
Exchange realignment		80,421	(20,810)
At end of the period/year		30,221,900	29,010,372

Notes to the Condensed Consolidated Financial Statements

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12. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	Notes	For the six months ended 30 June 2020 (Unaudited) RMB'000	Year ended 31 December 2019 (Audited) RMB'000
At beginning of the period/year		1,169,505	1,118,940
New leases		197,427	389,738
Disposals		–	(7,662)
Depreciation provided during the period/year	6	(39,615)	(113,136)
Disposals of subsidiaries	29	(13,696)	(8,566)
Transfer from construction in progress	11	–	16,112
Transfer to assets of disposal groups classified as held for sale		–	(234,898)
Exchange realignment		1,044	8,977
At end of the period/year		1,314,665	1,169,505

Notes to the Condensed Consolidated Financial Statements

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12. LEASES (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the period are as follows:

	Note	For the six months ended 30 June 2020 (Unaudited) RMB'000	Year ended 31 December 2019 (Audited) RMB'000
At beginning of the period/year		779,626	796,282
New leases		164,501	242,001
Accretion of interest recognised during the year		33,432	26,483
Transfer to liabilities of disposal groups classified as held for sale		–	(229,817)
Disposals of a subsidiary	29	(12,910)	–
Payments		(112,886)	(60,119)
Exchange realignment		3,339	4,796
At end of the period/year		855,102	779,626
Analysed into:			
Current portion		58,191	78,020
Non-current portion		796,911	701,606

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

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Unlisted equity investments	197,399	209,786

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14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Investment in Limited Partnership	500,000	–
Listed equity investments	173,673	209,220
Unlisted equity investments	629,559	578,137
Structured Deposits	309,856	400,000
	1,613,088	1,187,357
Portion classified as non-current portion	(1,303,232)	(787,357)
	309,856	400,000

15. OTHER NON-CURRENT FINANCIAL ASSETS

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Corporate bonds	50,323	50,338
Debt investments	120,283	264,328
	170,606	314,666
Provision for other non-current financial assets	(214)	(306)
	170,392	314,360
Portion classified as non-current assets	(166,396)	(306,539)
	3,996	7,821

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15. OTHER NON-CURRENT FINANCIAL ASSETS (continued)

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

	Note	For the six months ended 30 June 2020 RMB'000	Year ended 31 December 2019 RMB'000
At beginning of the period/year		306	316
Impairment losses recognised	6	47	81
Impairment losses reversed	6	(139)	(91)
At end of the period/year		214	306

In December 2016, the Company subscribed for the 2016 corporate bonds issued by Xinjiang New Energy (Group) Co., Ltd. with an aggregate principal amount of RMB50,000,000, maturing in 2021 with an applicable interest rate of 5.1% per annum. The issue price for each of the corporate bonds is RMB100.

16. DEFERRED TAX

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

For the six months ended 30 June 2020

Deferred tax assets

	Provision for impairment of assets (Unaudited) RMB'000	Tax losses (Unaudited) RMB'000	Provisions and accruals (Unaudited) RMB'000	Government grants received not yet recognised as income (Unaudited) RMB'000	Unrealised gains arising from intra-group sales (Unaudited) RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/ profit or loss (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2020	265,509	296,721	728,892	24,363	499,778	-	49,007	1,864,270
Deferred tax credited/(charged) to profit or loss during the period (Note 8)	44,939	22,405	137,677	(559)	(34,853)	52	(9,867)	159,794
Deferred tax credited to other comprehensive income during the period	-	-	-	-	-	3,968	-	3,968
Deferred tax generated from acquisition of a subsidiary	2,661	-	-	-	-	-	-	2,661
At 30 June 2020	313,109	319,126	866,569	23,804	464,925	4,020	39,140	2,030,693

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16. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the period are as follows: (continued)

For the six months ended 30 June 2020 (continued)

Deferred tax liabilities

	Excess of fair values of identifiable assets over carrying values arising from acquisition of subsidiaries (Unaudited) RMB'000	Depreciation of assets (Unaudited) RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/ profit or loss (Unaudited) RMB'000	Service concession arrangements (Unaudited) RMB'000	Discount of long-term payables (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2020	463,543	21,837	128,193	150,728	51,277	132,159	947,737
Deferred tax charged/(credited) to profit or loss during the period (Note 8)	(9,064)	72	11,426	10,915	3,209	(9,164)	7,394
Deferred tax charged to other comprehensive income during the period	-	-	(3,352)	-	-	-	(3,352)
Deferred tax generated from acquisition of a subsidiary	2,099	-	-	-	-	-	2,099
Disposal of a subsidiary	-	(17,617)	-	-	-	-	(17,617)
Exchange realignment	(2,000)	-	-	-	-	944	(1,056)
At 30 June 2020	454,578	4,292	136,267	161,643	54,486	123,939	935,205

As at 30 June 2020, the offset amount of deferred tax assets and deferred tax liabilities of the group was RMB144,917,000.

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16. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the period are as follows: (continued)

For the year ended 31 December 2019

Deferred tax assets

	Provision for impairment of assets (Audited) RMB'000	Tax losses (Audited) RMB'000	Provisions and accruals (Audited) RMB'000	Government grants received not yet recognized as income (Audited) RMB'000	Unrealised gains arising from intra-group sales (Audited) RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/ profit or loss (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
At 1 January 2019	253,371	50,143	688,975	27,402	524,301	34,236	56,563	1,634,991
Deferred tax credited/(charged) to profit or loss during the year	12,138	246,578	39,917	(3,039)	(24,523)	(1,977)	(7,559)	261,535
Deferred tax charged to other comprehensive income during the year	-	-	-	-	-	(32,259)	-	(32,259)
Deferred tax generated from assets held for sale	-	-	-	-	-	-	3	3
At 31 December 2019	265,509	296,721	728,892	24,363	499,778	-	49,007	1,864,270

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16. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the period are as follows: (continued)

For the year ended 31 December 2019 (continued)

Deferred tax liabilities

	Excess of fair values of identifiable assets over carrying values arising from acquisition of subsidiaries (Audited) RMB'000	Depreciation of assets (Audited) RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income/profit or loss (Audited) RMB'000	Service concession arrangements (Audited) RMB'000	Discount of long-term payables (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
At 1 January 2019	533,719	22,912	64,419	130,599	8,892	46,302	806,843
Deferred tax charged/(credited) to profit or loss during the year	(87,397)	(1,075)	49,886	20,129	42,385	153,628	177,556
Deferred tax credited to other comprehensive income during the year	-	-	13,888	-	-	-	13,888
Deferred tax generated from acquisition of subsidiaries	11,439	-	-	-	-	-	11,439
Deferred tax generated from assets held for sale	-	-	-	-	-	(42,202)	(42,202)
Exchange realignment	5,782	-	-	-	-	(25,569)	(19,787)
At 31 December 2019	463,543	21,837	128,193	150,728	51,277	132,159	947,737

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17. TRADE AND BILLS RECEIVABLES

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Trade receivables	19,448,292	16,754,636
Bills receivable	1,489,088	2,430,647
	20,937,380	19,185,283
Provision for impairment	(1,362,278)	(1,192,071)
	19,575,102	17,993,212

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

As part of its normal business, the Group endorsed or discounted bills receivable accepted by banks, bills receivable are held within a business model whose objective is achieved by both collecting contractual cash flows and selling bills receivable. Therefore, the Group has classified bills receivable presented in trade and bills receivable as at 30 June 2020 amounting RMB1,489,088,000 (31 December 2019: RMB2,430,647,000) as financial assets measured at fair value through other comprehensive income.

Notes to the Condensed Consolidated Financial Statements

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17. TRADE AND BILLS RECEIVABLES (continued)

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 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Within 3 months	6,839,489	7,306,039
3 to 6 months	2,372,493	2,609,695
6 months to 1 year	4,745,818	3,248,846
1 to 2 years	3,495,890	3,301,186
2 to 3 years	1,373,751	709,170
Over 3 years	747,661	818,276
	19,575,102	17,993,212

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

	Note	For the six months ended 30 June 2020 (Unaudited) RMB'000	Year ended 31 December 2019 (Audited) RMB'000
At beginning of the period/year		1,192,071	1,225,234
Impairment losses recognised	6	233,748	315,682
Impairment losses reversed	6	(67,582)	(352,911)
Amounts written off as uncollectible		–	(160)
Acquisition of a subsidiary		62	–
Exchange realignment		3,979	4,226
At end of the period/year		1,362,278	1,192,071

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17. 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 30 June 2020 (Unaudited) RMB’000	As at 31 December 2019 (Audited) RMB’000
Beneficial shareholders of the Company	1,667,254	1,772,565
Joint ventures	436,778	667,009
Associates	37,969	34,094
	2,142,001	2,473,668

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

18. FINANCIAL RECEIVABLES

	As at 30 June 2020 (Unaudited) RMB’000	As at 31 December 2019 (Audited) RMB’000
Receivables for service concession agreements	3,152,497	3,077,183
Receivables for finance lease services, VAT excluded	3,997,629	4,572,110
VAT receivables for finance lease services	336,985	298,905
Provision for impairment	(27,460)	(20,845)
	7,459,651	7,927,353
Portion classified as non-current assets	(7,006,977)	(7,461,270)
Current portion	452,674	466,083

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

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18. FINANCIAL RECEIVABLES (continued)

Receivables for finance lease services arose from finance lease contracts to lease equipment to clients and were recognised to the extent that the Group has the right to collect rental income from clients.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. The movements in the loss allowance for impairment of financial receivables are as follows:

	Note	For the six months ended 30 June 2020 (Unaudited) RMB'000	Year ended 31 December 2019 (Audited) RMB'000
At beginning of the period/year		20,845	27,283
Impairment losses recognised	6	6,910	1,496
Impairment losses reversed	6	(30)	(8,187)
Exchange realignment		(265)	253
At end of the period/year		27,460	20,845

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18. FINANCIAL RECEIVABLES (continued)

At 30 June 2020, the Group have receivables for finance lease services as follows:

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Minimum lease receivables including VAT:		
Within 1 year	743,172	786,562
1 to 2 years	753,616	762,476
2 to 3 years	695,514	701,956
3 to 4 years	676,515	664,963
4 to 5 years	661,185	637,110
Over 5 years	2,023,044	2,507,250
Total minimum lease receivables including VAT	5,553,046	6,060,317
Less: allowance for credit losses	(23,489)	(17,057)
Unearned finance income	(1,218,432)	(1,189,302)
VAT receivables for finance lease services	(336,985)	(298,905)
Receivables for finance lease services, VAT excluded	3,974,140	4,555,053
Portion classified as non-current assets	(3,646,338)	(4,228,142)
Current portion	327,802	326,911

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19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Advances to suppliers	(i)	3,315,748	2,128,661
Prepayments		281,942	222,481
Deductible VAT		2,451,479	2,948,687
Deposits and other receivables		1,380,566	2,199,875
		7,429,735	7,499,704
Impairment allowance		(162,266)	(108,615)
		7,267,469	7,391,089
Portion classified as non-current assets	(ii)	(2,226,816)	(1,176,854)
Current portion		5,040,653	6,214,235

(i) As at 30 June 2020, the Group's advances to suppliers amounting to RMB29,332,000 (31 December 2019: RMB14,341,000) were pledged to secure certain of the Group's power price swap contract (Note 20).

(ii) The non-current portion of deposits and other receivables mainly represented advances to suppliers and non-current deductible input VAT at 30 June 2020 and 31 December 2019.

Movements in the provision for impairment of other receivables are as follows:

	Note	For the six months ended 30 June 2020 (Unaudited) RMB'000	Year ended 31 December 2019 (Audited) RMB'000
At beginning of the period/year		108,615	93,599
Impairment losses recognised	6	58,346	33,031
Impairment losses reversed	6	(3,810)	(17,433)
Amounts written off as uncollectible		–	(675)
Exchange realignment		(885)	93
At end of the period/year		162,266	108,615

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19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

The amounts due from the Group's beneficial shareholders, joint ventures and associates included in prepayments, other receivables and other assets are as follows:

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Beneficial shareholders of the Company	5,073	11,031
Joint ventures	240,875	81,604
Associates	57,429	29,197
	303,377	121,832

The above amounts are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to the independent third parties.

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20. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2020 Assets (Unaudited) RMB'000	As at 31 December 2019 Assets (Audited) RMB'000
Power price swap contract – designated for hedge purposes	131,183	136,460
Forward currency contracts – not designated for hedge purposes	11,366	1,653
Forward currency contracts – designated for hedge purposes	30,441	13,811
Interest rate swaps – not designated for hedge purposes	–	3
Interest rate swaps – designated for hedge purposes	–	904
Call option	93,320	90,678
	266,310	243,509
Portion classified as non-current:		
Power price swap contract – designated for hedge purposes	(131,183)	(136,460)
Forward currency contracts – designated for hedge purposes	(2,466)	(6,436)
Interest rate swaps – not designated for hedge purposes	–	(3)
Interest rate swaps – designated for hedge purposes	–	(904)
Call option	(93,320)	–
	(226,969)	(143,803)
Current portion	39,341	99,706

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20. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	As at 30 June 2020 Liabilities (Unaudited) RMB'000	As at 31 December 2019 Liabilities (Audited) RMB'000
Forward currency contracts – not designated for hedge purposes	7,708	4,909
Forward currency contracts – designated for hedge purposes	74,188	10,836
Interest rate swaps – designated for hedge purposes	61,121	35,825
	143,017	51,570
Portion classified as non-current:		
Forward currency contracts – not designated for hedge purposes	(459)	–
Forward currency contracts – designated for hedge purposes	(42,029)	–
Interest rate swaps – designated for hedge purposes	(6,111)	(35,825)
	(48,599)	(35,825)
Current portion	94,418	15,745

21. INVENTORIES

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Raw materials	3,205,038	2,414,853
Work in progress, finished and semi-finished goods	5,542,807	5,696,911
Low-value consumables and others	6,966	12,073
	8,754,811	8,123,837

As at 30 June 2020, certain of the Group's inventories, with a net carrying amount of approximately RMB443,000 (31 December 2019: RMB437,000), were pledged to secure the Group's power price swap contract (Note 20).

Notes to the Condensed Consolidated Financial Statements

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22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Cash and bank balances	7,494,912	7,165,866
Time deposits	223,561	188,018
	7,718,473	7,353,884
Less: Time deposits pledged for:		
– Bank loans, letters of credit, bills issued and others	(208,109)	(50,611)
– Provision for risk and mandatory reserve deposits	(450,728)	(482,493)
	(658,837)	(533,104)
Cash and cash equivalents in the condensed consolidated statement of financial position	7,059,636	6,820,780
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(14,472)	(13,363)
Cash and cash equivalents in the condensed consolidated statement of cash flows	7,045,164	6,807,417
Pledged deposits	658,837	533,104
Portion classified as non-current assets	(107,195)	(106,371)
Current portion	551,642	426,733
Cash and cash equivalents and pledged deposits denominated in:		
– RMB	5,870,818	5,759,945
– Australian dollar	319,706	448,037
– United States dollar	776,672	575,202
– Euro	334,192	147,557
– Hong Kong dollar	9,426	13,907
– Argentine peso	225,661	291,570
– Other currencies	181,998	117,666
	7,718,473	7,353,884

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23. CONTRACT ASSETS

	Notes	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Contract assets arising from:			
Retention receivables on the sale of wind turbines	(i)	3,689,140	3,640,803
Construction services	(ii)	1,060,286	928,170
Services concession arrangement		755,860	836,567
		5,505,286	5,405,540
Impairment		(8,480)	(8,040)
		5,496,806	5,397,500
Portion classified as non-current assets		(3,688,412)	(3,719,519)
		1,808,394	1,677,981

- (i) For retention money receivables, the due dates usually range from two to five years after the completion of commissioning for wind turbines.
- (ii) Contract assets are initially recognised for revenue earned from the provision of construction services. Upon billing of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Notes to the Condensed Consolidated Financial Statements

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23. CONTRACT ASSETS (continued)

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

	Note	For the six months ended 30 June 2020 (Unaudited) RMB'000	Year ended 31 December 2019 (Audited) RMB'000
At beginning of period/year		8,040	4,452
Impairment losses recognised	6	2,802	5,440
Impairment losses reversed	6	(2,190)	(1,548)
Amounts written off as uncollectible		(66)	(15)
Exchange realignment		(106)	(289)
At end of period/year		8,480	8,040

24. TRADE AND BILLS PAYABLES

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Trade payables	14,499,103	17,142,173
Bills payable	7,057,804	9,763,574
Portion classified as non-current liabilities	21,556,907 (1,581,304)	26,905,747 (1,477,772)
Current portion	19,975,603	25,427,975

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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24. 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 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Within 3 months	10,895,608	15,106,505
3 to 6 months	6,022,969	7,104,600
6 months to 1 year	2,209,660	1,922,115
1 to 2 years	1,186,619	1,172,579
2 to 3 years	421,456	769,489
Over 3 years	820,595	830,459
	21,556,907	26,905,747

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

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Beneficial shareholders of the Company	30	30
Joint ventures	2,209	4,242
Associates	253,898	277,891
	256,137	282,163

The above amounts are repayable on credit terms similar to those offered by the Group's related parties to their major customers.

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

Notes to the Condensed Consolidated Financial Statements

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25. OTHER PAYABLES AND ACCRUALS

	Note	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Contract liabilities		17,262,940	9,755,122
Accrued salaries, wages and benefits		559,064	679,265
Other taxes payable		197,079	140,377
Interest payable		2,659	1,117
Dividends payable		808,807	65,999
Others		1,712,328	1,887,358
		20,542,877	12,529,238
Portion classified as non-current liabilities	(i)	(698,653)	(343,558)
Current portion		19,844,224	12,185,680

- (i) The non-current portion of other payables mainly represented output VAT to be recognised, guaranteed deposits and sales-and-leaseback payable born by the Group as at 30 June 2020 (31 December 2019: output VAT to be recognised and guaranteed deposits).

The amounts due to the Group's beneficial shareholders of the Company, joint ventures and associates included in other payables and accruals are as follows:

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Beneficial shareholders of the Company	711,505	76,667
Joint ventures	30,485	1,015
Associates	106,890	490
	848,880	78,172

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

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26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Current		
Short-term bank loans:		
– Unsecured	2,406,279	1,874,072
– Secured	251,838	100,000
Current portion of long-term bank loans:		
– Unsecured	119,689	2,262,570
– Secured	1,412,095	1,106,207
Corporate bonds:		
– Secured	295,290	284,455
Lease liabilities:		
– Secured	58,191	78,020
	4,543,382	5,705,324
Non-current		
Long-term bank loans:		
– Unsecured	1,415,202	1,379,716
– Secured	14,988,875	13,666,636
Corporate bonds:		
– Secured	131,158	288,232
Lease liabilities:		
– Secured	796,911	701,606
	17,332,146	16,036,190
	21,875,528	21,741,514
Interest-bearing bank and other borrowings are denominated in:		
– RMB	18,413,676	16,719,071
– Euro	106,565	62,353
– United States dollar	2,600,349	4,060,723
– Australian dollar	754,938	899,367
	21,875,528	21,741,514

Notes to the Condensed Consolidated Financial Statements

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27. SHARE CAPITAL

	As at 30 June 2020 (Unaudited)		As at 31 December 2019 (Audited)	
	Number of shares '000	Value RMB'000	Number of shares '000	Value RMB'000
Shares				
Issued and fully paid:				
A shares of RMB1.00 each	3,451,496	3,451,496	3,451,496	3,451,496
H shares of RMB1.00 each	773,572	773,572	773,572	773,572
	4,225,068	4,225,068	4,225,068	4,225,068

A summary of movements in the Company's share capital is as follows:

	For the six months ended 30 June 2020 (Unaudited)		Year ended 31 December 2019 (Audited)	
	Number of shares in issue '000	Share capital RMB'000	Number of shares in issue '000	Share capital RMB'000
At beginning of year	4,225,068	4,225,068	3,556,203	3,556,203
Share Rights Issues	–	–	668,865	668,865
At end of year	4,225,068	4,225,068	4,225,068	4,225,068

The Company completed the A Share and H Share Rights Issues through the Shenzhen Stock Exchange and the Hong Kong Stock Exchange on 27 March 2019 and 23 April 2019 respectively. The A Share Rights Issue is conducted on the basis of 1.9 A Rights Shares for every 10 existing A Shares. The H Share Rights Issue is conducted on the basis of 1.9 H Rights Shares for every 10 existing H Shares. After the completion of the rights issues, the total number of issued shares of the Company increased from 3,556,203,000 to 4,225,068,000.

Notes to the Condensed Consolidated Financial Statements

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28. BUSINESS COMBINATIONS

Acquisition of Dasmart

On 22 May 2020, the Group acquired 100% equity interest in Dasmart Environmental Science & Technologies Company (“Dasmart”) for a consideration of RMB50,043,000. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	RMB'000
Cash	–
Consideration payable, which has been accounted for as other payables and accruals as at 30 June 2020	50,043
	<u>50,043</u>

Acquisition-related costs amounting to RMB235,000 have been excluded from the consideration transferred and have been recognized directly as an expense in the current period within the “Other expenses” line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognized at the date of acquisition (determined on a provisional basis)

	Notes	RMB'000
Current assets		
Prepayments, other receivables and other assets		98,365
Trade and bills receivables		15,782
Non-current assets		
Property, plant and equipment	11	1,014
Other intangible assets		12,400*
Deferred tax assets	16	562
Current liabilities		
Trade and bills payables		(22,068)
Other payables and accruals		(56,012)
		<u>50,043</u>

* The amount of other intangible assets is provisional.

Notes to the Condensed Consolidated Financial Statements

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28. BUSINESS COMBINATIONS (continued)

Goodwill arising on acquisition

	RMB'000
Consideration transferred	50,043
Less: recognized amount of identifiable net assets acquired (100%)	50,043
Goodwill arising on acquisition	—

Net cash inflow arising on acquisition

	RMB'000
Consideration paid in cash	—
Less: cash and cash equivalent balances acquired	—
	—

Impact of acquisition on the results of the Group

Included in the loss for the interim period is RMB595,000 attributable to the additional business generated by Dasmart. Revenue for the current interim period generated by Dasmart was Nil.

Had the acquisition of Dasmart been completed on 1 January 2020, revenue for the current interim period of the Group would have been RMB19,374,294,000 and the profit for the interim period from continuing operation would have been RMB1,280,574,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Dasmart been acquired at the beginning of the current interim period, the Directors calculated depreciation and amortization of plant and equipment based on the recognized amounts of assets at the date of the acquisition.

During the current interim period, the acquisition of Dasmart was completed and the Group commenced to account for the business combination from the effective date when the Group gained control over Dasmart. As at the date of these condensed consolidated financial statements, the initial accounting for the acquisitions is determined on a provisional basis as the allocation of fair value to the identifiable assets and liabilities of the acquisition is still progressing. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortization, and other profit or loss effect, if any, will be recognized retrospectively on completion of the initial accounting during the measurement period (before the end of May 2021).

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29. DISPOSAL OF SUBSIDIARIES

On 8 January 2020, the Group disposed of its 49% equity interests in Stockyard Hill Wind Farm (Holding) Pty Ltd. (“Stockyard Hill”) to an independent third party, Nebras Power Australia Pty Ltd. (“Nebras Power”) for a cash consideration of AUD159,867,795 (equivalent to RMB746,724,000) and the Group’s equity interests in Stockyard Hill decreased from 100% to 51%. Since the articles of Stockyard Hill had revised and managements were changed, the Group lost its control over Stockyard Hill and therefore accounted for its remaining interests as an investment in joint venture in the condensed consolidated financial statements of the Group.

On 29 February 2020, the Group disposed of its 49% equity interests in both of Pinglu Tianshi Wind Energy Electricity Co., Ltd. (“Pinglu Tianshi”) and Pinglu Tianrun Wind Energy Electricity Co., Ltd. (“Pinglu Tianrun”) to a third party for a total cash consideration of RMB667,000,000 and the Group’s equity interests in Pinglu Tianshi and Pinglu Tianrun decreased from 100% to 51%. Since the articles of Pinglu Tianrun and Pinglu Tianshi had revised and managements were changed, the Group lost its control over Pinglu Tianshi and Pinglu Tianrun, and therefore accounted for its remaining interests as investments in joint ventures in the condensed consolidated financial statements of the Group.

On 9 April 2020, the Group disposed of its 100% equity interests in Xingtai Jinmu New Energy Technology Co., Ltd. to an independent third party for a cash consideration of RMB5,000,000. Furthermore, on 4 May 2020, the Group also disposed of its 100% equity interests in UEP Penonome, S.A. to an independent third party for a cash consideration of USD79,748,078 (equivalent to RMB560,816,000).

Notes to the Condensed Consolidated Financial Statements

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29. DISPOSAL OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the period ended 30 June 2020 were as follows:

	Notes	(Unaudited) RMB'000
Net assets disposed of:		
Property, plant and equipment	11	544,139
Right-of-use assets	12 (a)	13,696
Trade and bills receivables		34,301
Cash and cash equivalents		32,072
Derivative financial instruments		3
Prepayments, other receivables and other assets		3,039
Trade and bills payables		(57)
Tax payable		(5,300)
Lease liabilities	12 (b)	(12,910)
Deferred tax liabilities	16	(17,617)
Assets and liabilities classified as held for sale including:		
Property, plant and equipment		4,896,089
Right-of-use assets		215,209
Other intangible assets		286,563
Deferred tax assets		3
Trade and bills receivables		396,456
Prepayments, other receivables and other assets		175,273
Inventories		2,289
Cash and cash equivalents		111,363
Derivative financial instruments		4,510
Prepayments, other receivables and other assets		57,397
Trade and bills payables		(95,629)
Interest-bearing bank and other borrowings		(3,578,552)
Derivative financial instruments		(275,673)
Other payables and accruals		(176,612)
Contract liabilities		(3,876)
Tax payable		(1,102)
Lease liability		(219,719)
Deferred tax liabilities		(40,348)
		2,345,007

Notes to the Condensed Consolidated Financial Statements

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29. DISPOSAL OF SUBSIDIARIES (continued)

The net assets/liabilities of the subsidiaries disposed of during the period ended 30 June 2020 were as follows:

	Note	(Unaudited) RMB'000
Net assets disposed of		2,345,007
Less: Investments in joint ventures		(1,669,753)
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	5	775,356
Gain on disposal of subsidiaries	5	528,931
Total consideration		<u>1,979,541</u>
Satisfied:		
Cash		1,307,541
Advanced payment, which has been accounted for as other payables and accruals, as at 31 December 2019		<u>672,000</u>
		<u>1,979,541</u>
Net cash inflow arising on disposal:		
Total cash consideration received		1,307,541
Bank balances and cash disposed of		<u>(32,072)</u>
		<u>1,275,469</u>

Notes to the Condensed Consolidated Financial Statements

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30. CONTINGENT ASSETS/LIABILITIES

As at 30 June 2020 and 31 December 2019, contingent liabilities not provided for in the condensed consolidated financial statements were as follows:

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Letters of credit issued	57,992	18,834
Letters of guarantee issued	20,094,429	20,275,299
Guarantees given to banks in connection with bank loans granted to:		
Associates	416,708	458,597
A third party	242,811	250,096
	20,811,940	21,002,826

In 2015, Beijing Tianrun New Energy Investment Co., Ltd (“Beijing Tianrun”) entered into an agreement with the creditor bank, Chifeng Jinneng New Energy Investment Co., Ltd. (“Chifeng Jinneng”) and Chifeng Xinneng New Energy Investment Co., Ltd. (“Chifeng Xinneng”). According to the agreement, in the case where Chifeng Xinneng fails to repay the bank loans on schedule, Beijing Tianrun shall repurchase the entire share interest in Chifeng Xinneng, and the consideration equals a certain percentage of the net assets of Chifeng Xinneng at that time. As at 30 June 2020, Chifeng Xinneng made profit and the Directors are of the view that it could pay the principal and interest of relevant loans on schedule. Therefore, the risk exposure from above repurchase clause is insignificant.

Also as disclosed in Note 6, during the period, certain subsidiaries of the Group undertook the delayed operation expenses of RMB327,079,000 under the power purchase agreement as a result of the delay in the commercial operation date of its wind farms. Based on the information available at the end of this reporting period, the Directors are of the view that the Group has the legal right to claim such expenses from its EPC contractor in accordance with EPC contract, and it is probable that their claim will be successful. However, the financial impact of this compensation income cannot be measured with sufficient reliability at the end of this reporting period. Hence, the Group has not recognized this contingent asset in these condensed consolidated financial statements.

31. COMMITMENTS

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

	As at 30 June 2020 (Unaudited) RMB'000	As at 31 December 2019 (Audited) RMB'000
Contracted, but not provided for property, plant and equipment and land use rights	6,202,715	8,532,097

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32. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Continuing transactions		
Beneficial shareholders of the Company:		
Sales of wind turbine generators and spare parts	529,478	317,713
Provision of technical services	2,946	49,493
Other sales	66	–
Other expenses	650	–
Associates:		
Sales of wind turbine generators and spare parts	568	24,725
Sales of construction services	(102,636)	–
Purchases of spare parts	121,303	120,656
Purchases of processing services	99,203	116,015
Provision of technical services	25,508	92
Other expenses	4,037	–
Joint ventures:		
Sales of wind turbine generators and spare parts	2,188	763
Sales of construction services	639,067	–
Purchases of spare parts	4,532	2,965
Provision of technical services	53,885	21,993
Other sales	10,511	82,478
Other expenses	361	–

In the opinion of the Directors, the transactions between the Group and the related parties were based on prices mutually agreed between the parties.

In the opinion of the Directors, the above related party transactions were conducted in the ordinary course of business.

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32. RELATED PARTY TRANSACTIONS (continued)

(b) Commitments with related parties

The amount of total transactions with related parties for the period is included in Note 32(a) to the condensed consolidated financial statements. The Group expects the total transactions with related parties as follows:

	The second half of 2020 (Unaudited) RMB'000	Year ended 31 December 2021 (Unaudited) RMB'000
Continuing transactions		
Beneficial shareholders of the Company:		
Sales of wind turbine generators and spare parts	2,712,962	–
Associates:		
Provision of technical services	20,572	38,437
Purchases of spare parts	672,750	896,450
Jointly-controlled entities:		
Sales of wind turbine generators and spare parts	3,146	–
Purchases of spare parts	5,000	10,000
Provision of technical services	436,677	70,903

(c) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 17, 19, 24 and 25 to these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

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32. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Short term employee benefits	9,358	7,558
Pension scheme contributions	117	262
Total compensation paid to key management personnel	9,475	7,820

(e) Guarantee for related parties

Guarantee	As at 30 June 2020 (Unaudited) RMB'000	Guarantee period
	An associate	
An associate	116,251	From 28 March 2019 to 28 March 2024
	As at 31 December 2019 (Audited) RMB'000	
Guarantee		Guarantee period
An associate	341,901	From 28 May 2018 to 21 July 2023
An associate	116,696	From 28 March 2019 to 28 March 2024

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

33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Financial risk factors

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk.

As at 30 June 2020, the Group's net current liabilities amounted to approximately RMB2,711 million, its net cash inflow from operating activities was approximately RMB1,669 million, and its net cash outflow used in investing activities and financing activities amounted to approximately RMB649 million and RMB687 million for period. The Group recorded an increase in cash and cash equivalents (net of effect of foreign exchange rate changes) of approximately RMB238 million for the period.

The Group is dependent on its ability to maintain adequate cash inflow from operations, its ability to maintain existing external financing, and its ability to obtain new external financing to meet its debt obligations as they fall due and to meet its committed future capital expenditures. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 30 June 2020, the Group had banking facilities with several banks and financial institutions for providing sufficient financing.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing bank and other borrowings. The Group's policy is that not more than 70% of borrowings should mature in any 12-month period.

Under these circumstances, the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next 12-month and therefore have prepared these condensed consolidated financial statements on a going concern basis.

These condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2019 annual financial statements. There has not been any change in the risk management department or risk management policies since the year end of 2019.

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33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	As at 30 June 2020			Total RMB'000
	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	
Equity investments at fair value through other comprehensive income	–	197,399	–	197,399
Financial assets at fair value through profit or loss	1,613,088	–	–	1,613,088
Other non-current financial assets	–	–	170,392	170,392
Trade and bills receivables	–	1,489,088	18,086,014	19,575,102
Financial receivables	–	–	3,485,511	3,485,511
Financial assets included in prepayments, other receivables and other assets	–	–	1,178,047	1,178,047
Derivative financial instruments	108,194	158,116	–	266,310
Contract assets	–	–	755,860	755,860
Pledged deposits	–	–	658,837	658,837
Cash and cash equivalents	–	–	7,059,636	7,059,636
	1,721,282	1,844,603	31,394,297	34,960,182

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33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial liabilities

	As at 30 June 2020			Total RMB'000
	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	
Trade and bills payables	–	–	21,556,907	21,556,907
Financial liabilities included in other payables and accruals	–	–	2,159,429	2,159,429
Derivative financial instruments	56,946	86,071	–	143,017
Interest-bearing bank and other borrowings	–	–	21,020,426	21,020,426
	56,946	86,071	44,736,762	44,879,779

(c) Fair value of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 30 June 2020	
	Carrying amounts RMB'000	Fair values RMB'000
Financial liabilities		
Interest-bearing bank and other borrowings, non-current portion	16,535,235	16,519,805

Notes to the Condensed Consolidated Financial Statements

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33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments (continued)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, contract assets, trade and bills receivables, financial receivables, financial assets included in prepayments, other receivables and other assets, other non-current financial assets, trade and bills payables, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of pledged deposits, trade and bills receivables, financial receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 30 June 2020 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments (continued)

The Group invests in unlisted investments, which represent wealth management products issued by banks in China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with the financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contracts, interest rate swaps and power price swaps contracts, are measured using valuation techniques similar to forward currency and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rate, interest rate curves and power price trend. The carrying amounts of the derivative financial instruments are the same as their fair values.

As at 30 June 2020, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Notes to the Condensed Consolidated Financial Statements

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33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy of financial instruments

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2020

	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Fair value measurement using		Total (Unaudited) RMB'000
		Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
Equity investments designated at fair value through other comprehensive income:				
Unlisted equity investments	–	–	197,399	197,399
Trade and bills receivables	–	1,489,088	–	1,489,088
	–	1,489,088	197,399	1,686,487
Financial assets at fair value through profit or loss:				
Investment in Limited Partnership	–	–	500,000	500,000
Listed equity investments	173,673	–	–	173,673
Unlisted equity investments	–	–	629,559	629,559
Structured deposits	–	309,856	–	309,856
	173,673	309,856	1,129,559	1,613,088
Derivative financial instruments:				
Power price swap contract	–	131,183	–	131,183
Forward currency contracts	–	41,807	–	41,807
Interest rate swap	–	–	–	–
Call option	–	–	93,320	93,320
	–	172,990	93,320	266,310
	173,673	1,971,934	1,420,278	3,565,885

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33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy of financial instruments (continued)

Liabilities measured at fair value:

As at 30 June 2020

	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Fair value measurement using Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Derivative financial instruments:				
Interest rate swap	–	61,121	–	61,121
Forward currency contracts	–	81,896	–	81,896
	–	143,017	–	143,017

During the six months ended 30 June 2020, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

Liabilities for which fair values are disclosed:

As at 30 June 2020

	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Fair value measurement using Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Interest-bearing bank and other borrowings, non-current portion	–	16,519,805	–	16,519,805

Notes to the Condensed Consolidated Financial Statements

30 June 2020

33. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy of financial instruments (continued)

Reconciliation of level 3 fair value measurements:

As at 30 June 2020

	Financial assets at fair value through profit or loss RMB'000	Equity investments designated at fair value through other comprehensive income RMB'000	Derivative financial instruments RMB'000
At 1 January 2020 (audited)	578,137	209,786	90,678
Total gains (losses):	51,422	(14,786)	1,350
– in profit or loss	51,422	–	1,350
– in other comprehensive expense	–	(14,786)	–
Purchased	500,000	8,000	–
Disposals	–	(5,601)	–
Exchange realignment	–	–	1,292
At 30 June 2020 (unaudited)	1,129,559	197,399	93,320

34. EVENTS AFTER THE DATE OF THE BALANCE SHEET

As at the date of this report, there was not any significant subsequent event since 30 June 2020.

35. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2020.