GOLDWIND

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.*

新疆金風科技股份有限公司

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

Stock Code : 02208

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of the Company hereby announces the audited financial results of the Group for the financial year ended 31 December 2020 (the "**Reporting Period**") (collectively, the "**2020 Annual Results**").

* *For identification purpose*

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
REVENUE	5	56,145,827	37,878,205
Cost of sales	6	(46,498,340)	(30,914,621)
Gross profit		9,647,487	6,963,584
Other income and gains, net	5	2,147,239	2,373,314
Selling and distribution expenses		(3,651,445)	(2,804,136)
Administrative expenses		(3,485,143)	(2,636,531)
Impairment losses on financial and contract assets, net		(149,547)	24,440
Other expenses	7	(618,201)	(611,451)
Finance costs	8	(881,005)	(1,109,319)
Share of profits of:			
Joint ventures		247,674	348,435
Associates		16,481	12,770
PROFIT BEFORE TAX	6	3,273,540	2,561,106
Income tax expense	9	(308,064)	(331,353)
PROFIT FOR THE YEAR		2,965,476	2,229,753
Profit attributable to:			
Owners of the Company		2,963,514	2,209,854
Non-controlling interests		1,962	19,899
		2,965,476	2,229,753

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods (net of tax):			
Changes in fair value of equity investments designated at fair value through other comprehensive income		54,518	164,523
		54,518	164,523
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		212,946	69,550
Changes in fair value of debt instrument measured at fair value through other comprehensive loss		5,636	(31,845)
Cash flow hedges		266,682	(115,169)
Cost of fair value hedges		(43,049)	(2,059)
Hedges of net investment in foreign operations		(187,358)	-
Share of other comprehensive losses of joint ventures and associates		(33,218)	(8,852)
Net other comprehensive income/ (expenses) that may be reclassified to profit or loss in subsequent periods		221,639	(88,375)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		276,157	76,148
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		3,241,633	2,305,901
Total comprehensive income/ (expenses) attributable to:			
Owners of the Company		3,243,363	2,285,771
Non-controlling interests		(1,730)	20,130
		3,241,633	2,305,901
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (expressed in RMB per share)	11	0.67	0.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
		As at 31 December	
NON-CURRENT ASSETS			
Property, plant and equipment		33,380,435	29,010,372
Investment properties		10,083	34,028
Right-of-use assets		2,614,810	1,169,505
Goodwill		354,785	470,160
Other intangible assets		4,374,044	3,661,961
Investments in joint ventures		4,807,309	3,014,696
Investments in associates		1,595,197	1,476,425
Equity investments designated at fair value through other comprehensive income		249,179	209,786
Financial assets at fair value through profit or loss		1,091,480	787,357
Other non-current financial assets		50,893	306,539
Deferred tax assets		2,244,779	1,864,270
Financial receivables		7,997,292	7,461,270
Prepayments, other receivables and other assets		2,536,275	1,176,854
Contract assets	13	3,381,528	3,719,519
Derivative financial instruments		303,801	143,803
Pledged deposits	14	108,026	106,371
Total non-current assets		65,099,916	54,612,916
CURRENT ASSETS			
Inventories		5,717,595	8,123,837
Trade and bills receivables	12	22,976,906	17,993,212
Contract assets	13	1,402,033	1,677,981
Prepayments, other receivables and other assets		4,464,901	6,214,235
Financial receivables		350,438	466,083
Derivative financial instruments		299,369	99,706
Financial assets at fair value through profit or loss		500,000	400,000
Other non-current financial assets		53,145	7,821
Pledged deposits	14	564,654	426,733
Cash and cash equivalents	14	7,709,224	6,820,780
		44,038,265	42,230,388
Assets of disposal groups classified as held for sale		-	6,213,780
Total current assets		44,038,265	48,444,168

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT 31 DECEMBER 2020

	Notes	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	15	28,610,039	25,427,975
Other payables and accruals		10,949,195	12,185,680
Derivative financial instruments		275,858	15,745
Interest-bearing bank and other borrowings		5,612,238	5,705,324
Tax payable		413,531	299,919
Provision		1,983,972	1,608,494
		47,844,833	45,243,137
Liabilities directly associated with the assets classified as held for sale		-	4,325,763
Total current liabilities		47,844,833	49,568,900
NET CURRENT LIABILITIES		(3,806,568)	(1,124,732)
TOTAL ASSETS LESS CURRENT LIABILITIES		61,293,348	53,488,184
NON-CURRENT LIABILITIES			
Trade payables	15	1,924,541	1,477,772
Other payables and accruals		494,663	343,558
Interest-bearing bank and other borrowings		19,942,934	16,036,190
Deferred tax liabilities		815,040	947,737
Provision		2,917,220	2,186,405
Government grants		211,007	214,510
Derivative financial instruments		-	35,825
Deferred income		14,653	21,938
Total non-current liabilities		26,320,058	21,263,935
Net assets		34,973,290	32,224,249
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,225,068	4,225,068
Reserves		29,943,184	26,450,053
		34,168,252	30,675,121
Non-controlling interests		805,038	1,549,128
Total equity		34,973,290	32,224,249

Wu Gang
Director

Cao Zhigang
Director

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company											
	Share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Other equity instruments RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 year	-	-	-	-	-	-	-	-	2,963,514	2,963,514	1,962	2,965,476
Other comprehensive (expense)/income for the year:												
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	54,518	-	-	-	-	54,518	-	54,518
Changes in fair value of debt instruments measured at fair value through other comprehensive income, net of tax	-	-	-	-	5,634	-	-	-	-	5,634	2	5,636
Cash flow hedges, net of tax	-	-	-	-	-	-	-	121,793	-	121,793	-	121,793
Release on disposal of subsidiaries	-	-	-	-	-	-	-	144,889	-	144,889	-	144,889
Hedges of net investment in foreign operations	-	-	-	-	-	-	-	(187,358)	-	(187,358)	-	(187,358)
Cost of fair value hedges, net of tax	-	-	-	-	-	-	-	(43,049)	-	(43,049)	-	(43,049)
Share of other comprehensive expenses of joint ventures and associates	-	(33,218)	-	-	-	-	-	-	-	(33,218)	-	(33,218)
Exchange differences on translation of foreign operations	-	-	-	-	-	216,640	-	-	-	216,640	(3,694)	212,946
Total comprehensive (expense)/income for the year	-	(33,218)	-	-	60,152	216,640	-	36,275	2,963,514	3,243,363	(1,730)	3,241,633
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	56,644	56,644
Acquisition of subsidiaries	-		-	-	-	-	-	-	-	-	60,447	60,447
Disoposal of subsidiaries	-	54,196	-	-	-	-	-	-	-	54,196	(874,730)	(820,534)
Decrease on dissolving of a subsidiary	-	-	-	-	-	-	-	-	-	-	(9,634)	(9,634)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(900)	(900)	(5,600)	(6,500)
Disposal of interests in a subsidiary without loss of control	-	-	-	-	-	-	-	-	-	-	53,690	53,690
Final 2019 dividend declared	-	-	-	-	-	-	-	-	(676,011)	(676,011)	(23,177)	(699,188)
Profit appropriation to reserves	-	-	-	95,178	-	-	-	-	(95,178)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(19,413)	-	-	-	19,413	-	-	-
Other changes of a investment in associate	-	(23,517)	-	-	-	-	-	-	-	(23,517)	-	(23,517)
Transfer to special reserve (note (i))	-	-	135,562	-	-	-	-	-	-	135,562	11	135,573
Utilisation of special reserve (note (i))	-	-	(135,562)	-	-	-	-	-	-	(135,562)	(11)	(135,573)
Distribution of other equity instruments	-	-	-	-	-	-	-	-	(101,000)	(101,000)	-	(101,000)
Capital contributions from other equity instruments holders	-	-	-	-	-	-	997,000	-	-	997,000	-	997,000
At 31 December 2020	4,225,068	12,088,560	-	1,533,691	66,123	(32,686)	2,990,618	(96,457)	13,393,335	34,168,252	805,038	34,973,290

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XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company											
	Share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Other equity instruments RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 year	-	-	-	-	-	-	-	-	2,209,854	2,209,854	19,899	2,229,753
Other comprehensive (expenses)/income for the year:												
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	164,523	-	-	-	-	164,523	-	164,523
Changes in fair value of debt instruments measured at fair value through other comprehensive income	-	-	-	-	(31,842)	-	-	-	-	(31,842)	(3)	(31,845)
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(115,169)	-	(115,169)	-	(115,169)
Cost of fair value hedges, net of tax	-	-	-	-	-	-	-	(2,059)	-	(2,059)	-	(2,059)
Share of other comprehensive expenses of associates	-	(8,852)	-	-	-	-	-	-	-	(8,852)	-	(8,852)
Exchange differences on translation of foreign operations	-	-	-	-	-	69,316	-	-	-	69,316	234	69,550
Total comprehensive (expenses)/income for the year	-	(8,852)	-	-	132,681	69,316	-	(117,228)	2,209,854	2,285,771	20,130	2,305,901
Capital contributions from shareholders	668,865	3,916,673	-	-	-	-	-	-	-	4,585,538	-	4,585,538
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	26,522	26,522
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	17,906	17,906
Acquisition of non- controlling interests	-	-	-	-	-	-	-	-	(139)	(139)	(16,046)	(16,185)
Final 2018 dividend declared	-	-	-	-	-	-	-	-	(1,056,267)	(1,056,267)	-	(1,056,267)
Profit appropriation to reserves	-	-	-	139,642	-	-	-	-	(139,642)	-	-	-
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(13,290)	(13,290)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(39,012)	-	-	-	39,012	-	-	-
Changing from equity investments designated at fair value through other comprehensive income to investment in an associate	-	-	-	-	155,900	-	-	-	(155,900)	-	-	-
Transfer to special reserve (note (i))	-	-	(85,806)	-	-	-	-	-	85,806	-	-	-
Utilisation of special reserve (note (i))	-	-	85,806	-	-	-	-	-	(85,806)	-	-	-
Distribution of other equity instruments	-	-	-	-	-	-	-	-	(101,000)	(101,000)	-	(101,000)
At 31 December 2019	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

Note (i): In preparation of these consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2019 and 2020, for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expenses to profit or loss when such expenses were incurred, and at the same time the corresponding amounts of special reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilized.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,273,540	2,561,106
Adjustments for:			
Finance costs	8	881,005	1,109,319
Foreign exchange difference, net		18,547	301,386
Interest income	5	(327,563)	(227,814)
Share of profits of joint ventures		(247,674)	(348,435)
Share of profits of associates		(16,481)	(12,770)
Depreciation of property, plant and equipment and investment properties	6	1,616,476	1,322,453
Depreciation of right-of-use assets	6	131,337	113,136
Amortisation of other intangible assets	6	211,304	181,975
Gain on disposal of items of property, plant and equipment and other intangible assets, net	6	(10,401)	(139,368)
Gain on disposal of subsidiaries	5	(264,860)	(720,830)
Gain on dissolving of subsidiaries		(9,230)	-
Gain on disposal of investment properties	5	(18,814)	(197,473)
Gain on remeasurement of the remaining equity interests in investees at the date of losing control	5	(775,356)	-
Gain on disposal of investments in associates and joint ventures, net	5	(217,732)	(207,253)
Gain on disposal of financial assets at fair value through profit or loss	5	(111,911)	-
Dividend income from other non-current financial assets	5	(30,418)	(32,853)
Dividend income from an equity investment at fair value through profit and loss	5	(8,551)	(4,807)
Dividend income from derecognition of equity investments at fair value through other comprehensive income	5	-	(3,818)
Dividend income from financial assets at fair value through other comprehensive income	5	(3,006)	(3,469)
Interest from other investments		-	(5,308)
Fair value loss/(gain) , net on equity investments of fair value through profit or loss	5	119,680	(101,097)
Fair value gain on derivative financial instruments – transactions not qualifying as hedges	5	(129,143)	(73,681)
(Reversal of impairment)/impairment of trade and other receivables	6	145,286	(21,631)
(Reversal of impairment)/impairment of financial receivables	6	4,055	(6,691)
Impairment of contract assets	6	412	3,892
Reversal of impairment of other non-current financial assets	6	(206)	(10)
Impairment of inventories to net realisable value	6	255,651	26,214
Impairment of assets reclassified as held for sale	6	-	11,391
Impairment of property, plant and equipment	6	151,532	3,873
Impairment of goodwill	6	18,110	8,479
Impairment of other intangible assets	6	-	117,241
Government grants and deferred revenue		-	(42,237)
Operating cash flows before working capital changes		4,655,589	3,610,920
Decrease/(increase) in inventories		607,736	(3,141,454)
Decrease/(increase) in contract assets		614,226	(656,933)
Increase in trade and bills receivables		(5,032,632)	(937,720)
Increase in financial receivables		(424,406)	(487,596)
Increase in prepayments, other receivables and other assets		(696,187)	(1,582,616)
Increase in trade and bills payables		5,396,055	2,280,933
(Decrease)/increase in other payables and accruals		(708,449)	6,912,612
Increase in provision		1,185,125	242,461
Decrease in government grants and deferred income		(3,503)	(61,827)
Cash generated from operations		5,593,554	6,178,780
Income tax paid		(308,064)	(331,353)
Interest received		91,955	81,356
Net cash flows from operating activities		5,377,445	5,928,783

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CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(7,578,427)	(10,968,117)
Additions of right-of-use assets		(24,013)	(95,014)
Additions of other intangible assets		(58,262)	(225,600)
Acquisitions of subsidiaries, net of cash acquired		(352,474)	(101,041)
Increase in advances to equtiy investment		(369,955)	-
Investments in joint ventures		(235,732)	(32,200)
Investments in associates		(144,896)	(520,508)
Purchases of equity investments at fair value through other comprehensive income		(8,000)	(27,586)
Purchases of financial assets at fair value through profit or loss		(1,000,000)	(740,000)
Purchases of other non-current financial assets		-	(37,592)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		234,731	132,697
Disposals of financial assets at fair value through profit or loss		748,724	351,631
Disposals of subsidiaries, net of cash disposed of		1,753,760	1,230,321
Cash received from disposal of subsidiaries during previous year		795,387	-
Disposals of other non-current financial assets		156,000	90,927
Disposal of equity investment designated at fair value through other comprehensive income		29,783	254,039
Disposals of shareholding in associates and joint ventures		236,450	608,823
(Increase)/Derease in pledged deposits		33,421	(33,375)
Dividend income from financial assets at fair value through profit or loss		8,551	6,450
Dividend received from other non-current financial assets		30,418	20,654
Dividend received from joint ventures and associates		99,136	49,459
Dividend received from equity investments at fair value through other comprehensive income		3,006	9,901
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(10,252)	-
Loans to joint ventures, associates and third parties		(115,525)	(161,068)
Cash from/(to) other investments		48,915	(79,413)
Net cash flows used in investing activities		(5,719,254)	(10,266,612)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		8,276,693	11,458,078
Repayment of bank and other borrowings		(6,021,033)	(7,641,612)
Decrease in loans to joint ventures and associates		-	(43,109)
Interest paid		(976,832)	(1,073,351)
Fees for new bank and other borrowings		(65,432)	(65,456)
Capital contributions from non-controlling shareholders		56,644	26,522
Dividend paid		(784,390)	(1,181,356)
Proceeds from issuance of perpetual securities, net of issuance costs		997,000	-
Other cash payment to pre-shareholders		(7,440)	-
(Increase)/decrease in pledged time deposit		(5,325)	11,615
Proceeds from issue of shares		-	4,639,734
Net cash flows from financing activities		1,469,885	6,131,065
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,128,076	1,793,236
Cash and cash equivalents at beginning of year		6,807,417	5,012,017
Effect of foreign exchange rate changes, net		(230,170)	2,164
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	7,705,323	6,807,417

1. GENERAL INFORMATION

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

During the year, the Company and its subsidiaries (the "Group") was involved in the following principal activities:

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

In the opinion of the directors of the Company (the "Directors"), the Company has no controlling shareholders.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations) issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").They have been prepared under the historical cost convention, except for certain financial instruments, which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has evaluated the going concern for twelve months from 31 December 2020,and was of the view that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(b) potential voting rights held by the Group, other vote holders or other parties;
(c) rights arising from other contractual arrangements; and
(d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the four elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which present ownership interests entitling their holders to a proportionate share of net assets of therelevant subsidiaries upon liquidation.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRSs Standards* and the following amendments to IFRSs issued by the the International Accounting Standards Board ("IASB") for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements.

Amendments to IAS 1 and IAS 8	*Definition of Material*
Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS7	*Interest Rate Benchmark Reform*

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior year and /or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchamarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applied hedge accounting to its benchmark interest rate exposure.

The amendments had no impact on the 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.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contrcats and the related Amendments[1]
Amendments to IFRS 16	Covid-19-Related RentConcessions[4]
Amendments to IFRS 3	Reference to the conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7,IFRS 4 and IFRS16	Interest Rate Benchmark Reform-Phase2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Jiont Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts-Cost of Fulfiling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 June 2020.
[5] Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to IFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 *Inventories.*

The Group's existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment. During the year ended 31 December 2020, sale proceeds and related costs included in property, plant and equipment amounted to RMB15,366,000 and nil, respectively.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

(d) the others segment mainly engages in the operation of water treatment plants under the service concession arrangements and finance leasing services.

Management, being the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax.

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

4. OPERATING SEGMENT INFORMATION - continued

Year ended 31 December 2020

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue(note 5):						
Revenue from external customers	46,658,568	4,433,703	4,018,720	1,034,836	-	56,145,827
Intersegment sales	5,231,417	1,184,429	377	227,410	(6,643,633)	-
Total revenue	51,889,985	5,618,132	4,019,097	1,262,246	(6,643,633)	56,145,827
Segment results	1,293,302	(787,102)	2,713,922	630,705	(23,845)	3,826,982
Interest income	487,876	6,829	103,002	240,764	(510,908)	327,563
Finance costs	(212,189)	(103)	(931,677)	(171,896)	434,860	(881,005)
Profit before tax	1,568,989	(780,376)	1,885,247	699,573	(99,893)	3,273,540
Segment assets	90,658,206	7,110,434	51,143,533	27,058,640	(66,832,632)	109,138,181
Segment liabilities	57,673,808	4,878,992	37,050,014	18,213,989	(43,651,912)	74,164,891
Other segment information:						
Share of profits and losses of:						
Joint ventures	508	-	226,250	20,916	-	247,674
Associates	(19,113)	210	(6,342)	41,726	-	16,481
Depreciation and amortisation(1)	592,384	65,889	1,298,222	65,574	(7,168)	2,014,901
Impairment of write-down of inventories, net	255,651	-	-	-	-	255,651
Impairment /(reversal of impairment) of trade and other receivables, net	64,271	63,445	9,360	18,079	(9,869)	145,286
Impairment of contract assets, net	(32)	419	25	-	-	412
Impairment /(reversal of impairment) of other non-current financial assets, net	(16)	-	635	-	(825)	(206)
Impairment /(reversal of impairment) of financial receivables, net	-	-	(794)	3,993	856	4,055
Impairment of property, plant and equipment	-	-	133,546	-	17,986	151,532
Impairment of goodwill	18,110	-	-	-	-	18,110
Product warranty provision	2,161,566	-	-	-	59,399	2,220,965
Investments in joint ventures	3,319	-	4,605,806	260,221	(62,037)	4,807,309
Investments in associates	481,601	10,185	538,896	573,128	(8,613)	1,595,197
Capital expenditure (2)	1,023,513	816,868	9,366,318	358,197	(1,194,426)	10,370,470

4. OPERATING SEGMENT INFORMATION - continued

Year ended 31 December 2019

	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue(note 5):						
Revenue from external customers	28,856,924	3,571,357	4,257,234	1,192,690	-	37,878,205
Intersegment sales	4,331,853	1,015,388	6,968	170,038	(5,524,247)	-
Total revenue	33,188,777	4,586,745	4,264,202	1,362,728	(5,524,247)	37,878,205
Segment results	169,768	30,880	2,628,119	729,550	(115,706)	3,442,611
Interest income	447,269	7,104	(19,137)	154,135	(361,557)	227,814
Finance costs	(359,299)	(4,206)	(909,731)	(149,341)	313,258	(1,109,319)
Profit before tax	257,738	33,778	1,699,251	734,344	(164,005)	2,561,106
Segment assets	69,515,510	3,963,311	56,669,364	22,354,118	(49,445,219)	103,057,084
Segment liabilities	43,043,883	2,437,233	42,507,694	14,851,892	(32,007,867)	70,832,835
Other segment information:						
Share of profits and losses of:						
Joint ventures	297	-	286,106	62,032	-	348,435
Associates	9,098	(3,209)	5,523	1,358	-	12,770
Depreciation and amortisation(1)	328,955	38,253	1,315,984	95,389	(128,214)	1,650,367
Impairment of write- down of inventories, net	26,214	-	-	-	-	26,214
Impairment /(reversal of impairment) of trade and other receivables, net	(22,736)	(4,360)	3,008	79,556	(77,099)	(21,631)
Impairment of contract assets, net	694	3,198	-	-	-	3,892
Impairment /(reversal of impairment) of other non- current financial assets, net	(34)	-	24	-	-	(10)
Impairment /(reversal of impairment) of financial receivables, net	-	-	-	(6,691)	-	(6,691)
Impairment of property, plant and equipment	-	-	3,873	-	-	3,873
Impairment of other intangible assets	-	-	117,241	-	-	117,241
Impairment of assets reclassified as held for sale	-	-	11,391	-	-	11,391
Impairment of goodwill	-	-	8,479	-	-	8,479
Product warranty provision	1,530,893	-	-	-	(6,362)	1,524,531
Investments in joint ventures	2,802	-	2,764,288	309,644	(62,038)	3,014,696
Investments in associates	185,188	9,975	730,319	559,502	(8,559)	1,476,425
Capital expenditure (2)	716,801	272,506	11,864,858	154,175	29,186	13,037,526

(1) Depreciation and amortisation mainly consists of depreciation and amortisation of property, plant and equipment, other intangible assets, investment properties, leasehold improvement and right-of-use assets.
(2) Capital expenditure mainly consists of additions to property, plant and equipment, other intangible assets, and right-of-use assets, including assets from the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION - continued

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
China	51,551,335	34,458,015
Overseas	4,594,492	3,420,190
	56,145,827	37,878,205

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

(b) Non-current assets

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
China	43,718,712	32,428,105
United States of America	111,585	1,746,311
Australia	4,437,087	3,017,188
Argentina	4,048,846	4,074,013
Panama	-	661,061
Germany	398,168	501,071
Other countries	10,063	83,091
	52,724,461	42,510,840

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

Information about major customers

The Group did not have any single customer contributing for 10% or more of the total sales of the Group for 2020 and 2019.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue from contracts with customers	55,837,250	37,532,344
Revenue from other sources		
Finance lease service	308,577	345,861
	56,145,827	37,878,205

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

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	46,658,568	-	-	-	46,658,568
Wind power generation	-	4,018,720	-	-	4,018,720
Wind power services	-	-	4,433,703	-	4,433,703
Others	-	-	-	726,259	726,259
Total revenue from contracts with customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250
Geographical markets					
China	44,214,710	3,701,637	2,600,152	726,259	51,242,758
Other countries	2,443,858	317,083	1,833,551	-	4,594,492
Total revenue from contracts with customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250
Timing of revenue recognition					
Goods transferred at a point in time	46,658,568	4,018,720	-	95,434	50,772,722
Services transferred over time	-	-	4,433,703	630,825	5,064,528
Total revenue from contracts with customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250

5. REVENUE, OTHER INCOME AND GAINS - continued

Revenue from contracts with customers - continued

(i) Disaggregated revenue information - continued

For the year ended 31 December 2019

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	28,856,924	-	-	-	28,856,924
Wind power generation	-	4,257,234	-	-	4,257,234
Wind power services	-	-	3,571,357	-	3,571,357
Others	-	-	-	846,829	846,829
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344
Geographical markets					
China	27,943,924	4,072,666	1,248,735	846,829	34,112,154
Other countries	913,000	184,568	2,322,622	-	3,420,190
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344
Timing of revenue recognition					
Goods transferred at a point in time	28,856,924	4,257,234	-	42,625	33,156,783
Services transferred over time	-	-	3,571,357	804,204	4,375,561
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2020

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
Revenue from contracts with customers	51,889,985	4,019,097	5,618,132	953,669	62,480,883
External customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250
Intersegment sales	5,231,417	377	1,184,429	227,410	6,643,633
Intersegment adjustments and eliminations	(5,231,417)	(377)	(1,184,429)	(227,410)	(6,643,633)
Total revenue from contracts with customers	46,658,568	4,018,720	4,433,703	726,259	55,837,250

5. REVENUE, OTHER INCOME AND GAINS - continued

Revenue from contracts with customers - continued

(i) Disaggregated revenue information - continued

For the year ended 31 December 2019

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
Revenue from contracts with customers	33,188,777	4,264,202	4,586,745	1,016,867	43,056,591
External customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344
Intersegment sales	4,331,853	6,968	1,015,388	170,038	5,524,247
Intersegment adjustments and eliminations	(4,331,853)	(6,968)	(1,015,388)	(170,038)	(5,524,247)
Total revenue from contracts with customers	28,856,924	4,257,234	3,571,357	846,829	37,532,344

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of wind turbine generators and wind power components	4,431,989	2,756,259
Construction services	306,350	135,591
Others	88,489	9,286
	4,826,828	2,901,136
Revenue recognised from performance obligations satisfied in previous periods:		
Construction services	2,376,837	2,138,519

(ii) Performance obligations

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

Sale of wind turbine generators and wind power components

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

5. REVENUE, OTHER INCOME AND GAINS - continued

Revenue from contracts with customers - continued

(ii) Performance obligations - continued

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

Wind farm development

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

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

For revenue generated from the operation of water treatment plants under the service concession arrangements,the performance obligations of which are satisfied over time in accordance with progress of service provided.

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

5. REVENUE, OTHER INCOME AND GAINS - continued

Other income and gains	Year ended 31 December 2020 RMB'000	2019 RMB'000
Interest income	327,563	227,814
Dividend income from equity investments at fair value through other comprehensive income	3,006	3,469
Dividend income from derecognition of equity investments at fair value through other comprehensive income	-	3,818
Dividend income from other non-current financial assets	30,418	32,853
Dividend income from equity investment at fair value through profit and loss	8,551	4,807
Gross rental income from investment properties and equipment	14,728	19,543
Government grants	142,233	135,724
Value-added tax ("VAT") refund	87,519	95,089
Insurance compensation on product warranty expenditures	-	201,712
Provision of technical service	10,009	38,149
Gain on disposal of subsidiaries	264,860	720,830
Gain on disposal of interests in subsidiaries	463,945	720,830
Loss previously reported in other comprehensive income	(144,889)	-
Loss previously reported in capital reserve	(54,196)	-
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	775,356	-
Gain on disposal of financial assets at fair value through profit or loss	111,911	-
Gain on disposal of items of property, plant and equipment and other intangible assets	16,707	178,182
Gain on disposal of investment properties	18,814	197,473
Gain on disposal of associates and joint ventures, net	217,732	207,253
Fair value gains/(losses), net:		
Derivative financial instruments – transactions not qualifying as hedges	129,143	73,681
Equity investments at fair value through profit or loss	(119,680)	101,097
Others	108,369	131,820
	2,147,239	2,373,314

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cost of inventories sold		40,192,017	25,286,433
Cost of services provided		4,555,300	3,347,475
Cost of wind power generation		1,304,340	1,610,969
Cost of others		446,683	669,744
		46,498,340	30,914,621
Depreciation of property, plant and equipment		1,615,683	1,318,529
Depreciation of investment properties		793	3,924
Depreciation of right-of-use assets		131,337	113,136
Amortisation of other intangible assets		211,304	181,975
		1,959,117	1,617,564
Impairment of trade receivables	12	204,962	315,682
Reversal of impairment of trade receivables	12	(142,891)	(352,911)
		62,071	(37,229)
Impairment of other receivables		98,528	33,031
Reversal of impairment of other receivables		(15,313)	(17,433)
		83,215	15,598
Impairment of contract assets	13	3,886	5,440
Reversal of impairment of contract assets	13	(3,474)	(1,548)
		412	3,892
Impairment of other non-current financial assets		-	81
Reversal of impairment of other non-current financial assets		(206)	(91)
		(206)	(10)
Impairment of financial receivables		12,466	1,496
Reversal of impairment of financial receivables		(8,411)	(8,187)
		4,055	(6,691)
Impairment of write-down of inventories		255,651	26,214
Impairment of assets classified as held for sale		-	11,391
Impairment of property, plant and equipment		151,532	3,873
Impairment of other intangible assets		-	117,241
Impairment of goodwill		18,110	8,479
Gain on disposal of items of property, plant and equipment and other intangible assets, net		(10,401)	(139,368)
Lease payments not included in the measurement of lease liabilities		206,232	99,973

6. PROFIT BEFORE TAX - continued

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

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Auditors' remuneration	11,158	10,181
Employee benefit expenses		
(including Directors' and supervisors' remuneration):		
Wages and salaries	1,862,100	1,770,478
Pension scheme contributions	144,615	121,351
Welfare and other expenses	359,043	333,506
	2,365,758	2,225,335
Research and development costs:		
Staff costs	615,366	577,300
Amortisation and depreciation	134,778	87,613
Materials expenditure and others	727,959	281,241
	1,478,103	946,154
Product warranty provision:		
Additional provision	2,672,606	1,937,836
Reversal of unutilised provision	(451,641)	(413,305)
	2,220,965	1,524,531
Delayed operation expenses (Note)	382,313	-

Note:

During the year, as a result of the delay in the commercial operation date as agreed in the power purchase agreements signed with the local power grid companies, certain subsidiaries of the Group undertook the delayed operation expenses amounting to RMB382,313,000 to local power grid companies.

7. OTHER EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Rental cost	2,639	6,340
Bank charges	128,276	156,688
Asset impairment provision	169,642	140,984
Foreign exchange loss, net	254,154	159,170
Loss on disposal of non-current assets	789	4,610
Penalty expenses	5,501	14,421
Loss on damage and retirement of non-current assets	832	34,204
Public welfare donations	6,067	16,587
Other	50,301	78,447
	618,201	611,451

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest on bank loans and other borrowings	966,495	1,123,565
Interest on lease liabilities	79,997	26,483
Less: Interest capitalised	(165,487)	(40,729)
	881,005	1,109,319

9. INCOME TAX EXPENSE

The Company and eight subsidiaries (2019: the Company and 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 years ended 31 December 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 ranging from 10% to 30 % (2019: 10% to 34%).

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current		
- China	814,178	399,647
- Elsewhere	25,405	15,685
	839,583	415,332
Deferred	(531,519)	(83,979)
Tax charge for the year	308,064	331,353

9. INCOME TAX EXPENSE - continued

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

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before tax	3,273,540	2,561,106
Tax at the statutory tax rate of 25%	818,385	640,277
Effect of different income tax rates for overseas entities	15,023	8,858
Effect of the preferential income tax rates for domestic entities	(441,901)	(390,908)
Effect of income tax rate change	16,531	-
Tax losses not recognised	128,765	86,440
Tax losses utilised from previous periods	(39,099)	(73,118)
Effect of not recognised deferred tax assets due to asset impairment	39,267	6,068
Income not subject to tax	(2,889)	(2,650)
Expenses not deductible for tax	29,604	52,857
Additional tax deduction for research and development expenditure	(95,637)	(83,142)
Profits attributable to joint ventures	(61,919)	(87,109)
Profits attributable to associates	(4,120)	(3,193)
Dividends subject to PRC corporate income tax from an overseas subsidiary	-	122,671
Gain on remeasurement of the previously held interest in acquirees on the disposal date in disposal of subsidiaries	(193,839)	-
Others	99,893	54,302
Tax charge for the year at the effective rate of 9.4% (2019: 12.9%)	308,064	331,353

10. DIVIDENDS

For the year ended 31 December 2020, the board of Directors proposed to distribute cash dividends of RMB2.5 (tax included) per each 10 shares with total amount of RMB1,056,267,000 to the shareholders. The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The 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.

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

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

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

The calculation of basic earnings per share is based on:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	2,963,514	2,209,854
Less: Distribution relating to the medium-term notes (i)	(119,044)	(101,000)
Profit used to determine basic earnings per share	2,844,470	2,108,854
Weighted average number of ordinary shares in issue ('000) (ii)	4,225,068	4,118,701
Basic earnings per share (expressed in RMB per share)	0.67	0.51

(i) The long-term option-embedded medium-term notes (the "Perpetual Medium-term Notes") issued by the Company in May 2016, September 2016 ,December 2018 and August 2020 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The interest from the Perpetual Medium-term Notes which has been generated but not yet declared, during the year of 2020 and 2019, was deducted from earnings when calculating the earnings per share for the years ended 31 December 2020 and 31 December 2019.

(ii) 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.

12. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables	22,056,522	16,754,636
Bills receivable	2,161,393	2,430,647
	24,217,915	19,185,283
Provision for impairment	(1,241,009)	(1,192,071)
Current portion	22,976,906	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. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As part of its normal business, the Group endorsed or discounted bills receivable accepted by banks. Bills receivable is held within a business model whose objective is achieved by both collecting contractual cash flows and selling bills receivable. Therefore, the Group has classified bills receivable presented in trade and bills receivable as at 31 December 2020 amounting to RMB2,161,393,000 (31 December 2019: RMB2,430,647,000) as debt instruments measured at fair value through other comprehensive income, but still listed as trade and bills receivables.

12. 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 31 December	
	2020	2019
	RMB'000	RMB'000
Within 3 months	9,480,752	7,306,039
3 to 6 months	4,268,961	2,609,695
6 months to 1 year	3,674,685	3,248,846
1 to 2 years	4,096,594	3,301,186
2 to 3 years	985,538	709,170
Over 3 years	470,376	818,276
	22,976,906	17,993,212

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

		Year ended 31 December	
	Note	2020	2019
		RMB'000	RMB'000
At beginning of year		1,192,071	1,225,234
Impairment losses recognised	6	204,962	315,682
Impairment losses reversed	6	(142,891)	(352,911)
Amounts written off as uncollectible		(7,417)	(160)
Exchange realignment		(5,716)	4,226
At end of year		1,241,009	1,192,071

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

12. TRADE AND BILLS RECEIVABLES - continued

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

	As at 31 December 2020		
Collectively impaired	Expected credit loss rate	Gross carrying Amount RMB'000	Expected credit losses RMB'000
Individually impaired	94.09%	762,244	717,169
Collectively impaired			
Within 6 months	0.18%	11,837,371	21,792
6 months to 1 year	1.17%	3,488,312	40,887
1 to 2 years	2.43%	4,198,420	101,826
2 to 3 years	5.61%	1,008,800	56,544
Over 3 years	39.77%	761,375	302,791
	2.46%	21,294,278	523,840
Total	5.63%	22,056,522	1,241,009

	As at 31 December 2019		
Collectively impaired	Expected credit loss rate	Gross carrying Amount RMB'000	Expected credit losses RMB'000
Individually impaired	88.17%	239,502	211,159
Collectively impaired			
Within 6 months	0.13%	7,697,922	9,699
6 months to 1 year	1.04%	3,051,293	31,606
1 to 2 years	3.28%	3,449,421	113,112
2 to 3 years	7.42%	745,515	55,340
Over 3 years	49.09%	1,570,983	771,155
	5.94%	16,515,134	980,912
Total	7.11%	16,754,636	1,192,071

12. TRADE AND BILLS RECEIVABLES - continued

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Beneficial shareholders of the Company	966,186	1,772,565
Joint ventures	56,787	667,009
Associates	14,812	34,094
	1,037,785	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.

As at 31 December 2020, the Group's trade and bills receivables amounting to RMB5,279,281,000 (31 December 2019: RMB3,882,996,000) were pledged to secure certain of the Group's interest-bearing bank and other borrowings.

As at 31 December 2020, the Group's trade receivables amounting to Nil (31 December 2019: RMB345,000) were pledged to secure power price swap contract.

As at 31 December 2020, bills receivable amounting to RMB40,000,000 were pledged to build final assembly plant (31 December 2019: RMB40,000,000).

13. CONTRACT ASSETS

	Notes	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Contract assets arising from:			
Retention receivables on the sale of wind turbines	(i)	3,448,783	3,640,803
Construction services	(ii)	1,012,525	928,170
Services concession arrangement		330,006	836,567
		4,791,314	5,405,540
Impairment		(7,753)	(8,040)
		4,783,561	5,397,500
Portion classified as non-current assets		(3,381,528)	(3,719,519)
Current portion		1,402,033	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 and financial receivables.

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

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Within one year	1,402,033	1,677,981
After one year	3,381,528	3,719,519
Total contract assets	4,783,561	5,397,500

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

	Note	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
At beginning of year		8,040	4,452
Impairment losses recognised	6	3,886	5,440
Impairment losses reversed	6	(3,474)	(1,548)
Amounts written off as uncollectible		-	(15)
Exchange realignment		(699)	(289)
At end of year		7,753	8,040

13. CONTRACT ASSETS - continued

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

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

	As at 31 December 2020	As at 31 December 2019
Expected credit loss rate	0.16%	0.15%
	RMB'000	RMB'000
Gross carrying amount	4,791,314	5,405,540
Expected credit losses	7,753	8,040

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash and bank balances	8,238,497	7,165,866
Time deposits	143,407	188,018
	8,381,904	7,353,884
Less: Pledged for:		
- Bank loans, letters of credit, bills issued and others	(67,860)	(50,611)
- Provision for risk and mandatory reserve deposits	(604,820)	(482,493)
	(672,680)	(533,104)
Cash and cash equivalents in the consolidated statement of financial position	7,709,224	6,820,780
Less: Non-pledged deposits with original maturity of more than three months when acquired	(3,901)	(13,363)
Cash and cash equivalents in the consolidated statement of cash flows	7,705,323	6,807,417
Pledged deposits	672,680	533,104
Portion classified as non-current assets	(108,026)	(106,371)
Current portion	564,654	426,733
Cash and cash equivalents and pledged deposits denominated in:		
- RMB	7,509,931	5,759,945
- Australian dollar	100,127	448,037
- United States dollar	269,174	575,202
- Euro	349,939	147,557
- Hong Kong dollar	12,038	13,907
- Argentine peso	1,846	291,570
- Other currencies	138,849	117,666
	8,381,904	7,353,884

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and ninety days depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

15. TRADE AND BILLS PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables	18,743,809	17,142,173
Bills payable	11,790,771	9,763,574
	30,534,580	26,905,747
Portion classified as non-current liabilities (i)	(1,924,541)	(1,477,772)
Current portion	28,610,039	25,427,975

(i) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 31 December 2020 and 2019.

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

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 3 months	15,734,244	15,106,505
3 to 6 months	8,001,180	7,104,600
6 months to 1 year	2,884,827	1,922,115
1 to 2 years	1,592,466	1,172,579
2 to 3 years	1,127,959	769,489
Over 3 years	1,193,904	830,459
	30,534,580	26,905,747

15. TRADE AND BILLS PAYABLES - continued

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Beneficial shareholders of the Company	227	30
Joint ventures	5,823	4,242
Associates	159,394	277,891
	165,444	282,163

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

Management Discussion and Analysis

OVERVIEW

In 2020, the COVID-19 pandemic has affected various industries at home and abroad to different extent, and economic activities and output of various countries have slowed down significantly. The International Monetary Fund (IMF) stated in its latest World Economic Outlook Report that the global economy may contract by 3.5% in 2020. In particular, developed economies and developing economies contracted by 4.9% and 2.4%, respectively. The GDP of the United States declined by 3.4%. The Eurozone declined by 7.2%, Japan declined by 5.1%, and the United Kingdom and India declined by 10.0% and 8.0%, respectively.

Facing the challenges, the PRC government first introduced various measures to prevent and control the pandemic and stabilized the economy and society, which effectively facilitated the rapid and comprehensive resumption of work and production and the resumption of business and market. According to the National Bureau of Statistics, China's GDP exceeded RMB100 trillion for the first time in 2020, representing an increase of 2.3% against the trend. China was the only economy that achieved positive economic growth among major economies in the world.

In 2020, the total electricity consumption of the whole society was 7,511 billion kWh, representing a year-on-year increase of 3.1%. The newly-added installed capacity of power generation in China was 190.87 million kW, and the accumulated full-caliber power generation equipment capacity reached 2,200.58 million kW.

As a result of the policy of reducing onshore and offshore wind power subsidies, the newly installed capacity in China in 2020 reached the highest level in history, which fully demonstrated the resilience of the industry. According to Bloomberg New Energy Finance (BNEF), the newly installed capacity of wind power in China reached 57.8GW in 2020, which doubled the growth from 2019. Among which, onshore wind power increased by 53.8GW, representing a year-on-year increase of 105%; offshore wind power increased by 4GW, representing a year-on-year increase of 47%.

I. MAIN POLICIES REVIEW

2020 was a crucial year for China's wind power industry to enter the era of market-oriented development and grid parity. Several ministries and commissions, including the National Development and Reform Commission (NDRC), the Ministry of Finance (MoF) and the National Energy Administration (NEA), have issued a number of laws and regulations to ensure the stability and continuity of policies. At the same time, they have also clarified and improved various mechanisms such as industry planning, subsidy confirmation and consumption guarantee to ensure the smooth transition of the industry to the grid parity market and the sustainable and high-quality development.

1. Accelerating Development of Wind Power and Supporting the Goal of "Carbon Neutral"

On 26 February 2021, the NEA issued the Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (Draft for Comments)(《關於2021年風電、光伏發電開發建設有關事項的通知(徵求意見稿)》), which stated that the proportion of power generation of wind power and photovoltaic power to the total power consumption of the whole society in 2021 shall reach approximately 11%, and targets such as carbon peak by 2030 and carbon neutralization by 2060, the proportion of non-fossil energy to the consumption of primary energy in 2030 shall reach approximately 25%, and the total installed capacity of wind power and solar power generation shall reach over 1.2 billion kW.

On 5 March 2021, Premier Li Keqiang pointed out in the Report on the Work of the Government that the action plan for reaching the peak of carbon emission by 2030 shall be formulated, the development of new energy shall be vigorously strengthened, the construction of carbon emission trading market shall be accelerated, and special policies for financial support for green and low-carbon development shall be implemented to promote the green transformation of production and lifestyle.

2. Sorting Out and Solving Issues of Subsidies for Renewable Energy Power Generation Projects

On 20 January 2020, the MoF, the NDRC and the NEA jointly issued the Opinion on Promoting the Healthy Development of Non-hydro Renewable Power (《關於促進非水可再生能源發電健康的若干意見》), adhering to the principle of reasonably determining the scale of newly-added subsidized projects based on revenue and expenditure, increasing subsidy revenue through various methods, and reducing non-compliant subsidy demands, in order to alleviate subsidy pressure of existing projects. The Opinion confirms that all qualified projects shall be added to the subsidy list, and entitlements to subsidies shall be ascertained 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 by category.

On 20 October 2020, the MoF, the NDRC and the NEA jointly issued the Opinions on Promoting the Healthy Development of Non-hydro Renewable Power Generation (《關於促進非水可再生能源發電健康的若干意見》), which further clarified the determination of the central financial subsidies based on the reasonable utilization hours of various projects in the whole life cycle.

On 18 November 2020, the MoF issued the "Notice on Accelerating the Review of the List of Renewable Energy Power Generation Subsidy Projects" (《關於加快推進可再生能源發電補貼項目清單審核有關工作的通知》) and the "Measures for the Determination of the Time for Full Capacity Grid Connection of Renewable Energy Power Generation Projects" (《可再生能源發電項目全容量並網時間認定辦法》), confirming that all qualified wind power projects can be included in the subsidy list.

On 30 December 2020, the NEA revised and issued the Measures for the Settlement of Electricity Fees between Power Generation Enterprises and Power Grid Enterprises(《發電企業與電網企業電費結算辦法》), which specified that power grid enterprises should timely transfer the central government subsidies to renewable energy power generation enterprises included in the scope of national subsidies in full. In principle, power grid enterprises shall pay the renewable energy power generation enterprises in a timely manner in accordance with relevant requirements within ten working days after receiving the central government financial subsidies.

3. Implementing Grid Connection and Guaranteeing Consumption to Ensure Healthy Development of Wind Power

On 3 April 2020, the NEA issued the 2020 Wind Power Investment Monitoring and Early Warning Results(《2020年度風電投資監測預警結果》), which lifted red warning in Xinjiang and Gansu regions, and states that qualified existing projects can continue to be advanced, and cross-provincial and cross-regional transmission projects and grid parity projects are not restricted. At the same time, the warning in eastern Inner Mongolia region is adjusted from orange to green, and priority is given to grid parity and bidding must be carried out according to the arrangement of remaining space. The re-classification of monitoring areas is conducive to accelerating the development of wind power in the "Three North" regions.

On 1 June 2020, the NDRC and the NEA jointly issued the Notice on Printing and Distributing the Power Consumption Weighting for Renewable Energy in 2020 in Provincial Administrative Regions (《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》), which stipulates that the weighting of the total amount of renewable energy consumption responsibility of 10 provinces (regions and cities) shall exceed 30%, and the weighting of the total amount of non-hydro renewable energy consumption of 9 provinces (regions and cities) shall exceed 15%, and such weighting will increase year by year. The responsibilities and duties of the provincial energy authorities, power grid enterprises and local offices of NEA are also specified to ensure that the weighting of consumption responsibility is fulfilled.

On 25 February 2021, the NDRC and the NEA issued the "Guiding Opinions on Promoting the Integration of Power Source and Grid and the Development of Multi-energy Complementary"(《關於推進電力源網荷儲一體化和多能互補發展的指導意見》), proposing to explore the development path of building a new power system with high integration of power source and grid by optimizing and integrating local power supply side, power grid side and load side resources, and proposing that the proportion of renewable energy power generated by transmission channels shall not be less than 50% in principle, with a higher proportion of planned construction as priority.

II. INDUSTRY REVIEW

1. Wind Power Gradually Growing into Mainstream Energy

In September 2020, President Xi Jinping, in the General Debate of the 75th session of the United Nations General Assembly, declared that China's "CO^2 emissions will reach peak in 2030 and will strive to achieve carbon neutralization by 2060". In November, President Xi delivered an important speech at the Climate Ambition Summit and announced that by 2030, China's non-fossil energy will account for approximately 25% of primary energy consumption, and the total installed capacity of wind power and solar power will reach over 1.2 billion kW.

In December, the State Council issued a white paper titled "Energy in China's New Era" (《新時代的中國能源發展》白皮書), which clarified that non-fossil energy should be placed as the priority of energy development, and will vigorously promote low-carbon energy to replace high-carbon energy and renewable energy to replace fossil energy.

Under this keynote, representatives of more than 400 wind power companies in the world put forward in the "14th Five-Year Plan" of China's annual newly installed wind power capacity of more than 50GW at the World Wind Energy Conference in October 2020 in the form of the "Beijing Declaration on Wind Power", and the annual newly installed capacity should be no less than 60GW after 2025. At the same time, all wind power developers have formulated and published active wind power project development plans during the "14th Five-Year Plan" period, and the market demand will remain strong, which will continue to promote the large-scale development of the wind power industry, technological innovation progress, economic benefits, and social and environmental benefits.

As wind power enters the grid-parity era of large-scale and rapid development, the cost competitiveness of wind power increases. As an important source of clean fuel and clean power, it will become the main force of China's energy development during the "14th Five-Year Plan" period and under the goal of "carbon neutral", and enter a new era of development.

2. Newly-Added Global Wind Power Installed Capacity Amounting close to A Hundred Million KW.

Overcoming the adverse impact of the pandemic, the wind power industry performed well in many countries around the world in 2020, and made great progress in terms of installed capacity, electricity consumption proportion and technology advancement. According to the data released by BNEF, the global newly installed wind power capacity in 2020 was 96.7GW, representing an increase of 59% as compared to 2019. Among which, the newly installed capacity of onshore wind power reached the historical highest level of 90.2GW, and the newly installed capacity of offshore wind power was 6.5GW. China (57.8GW) and the United States (16.5GW), driven by the subsidy reduction policy and product tax policy respectively, reached new high for installed capacity during the rapid construction period of the year.

3. Steady and Rapid Growth in the Size of the PRC Wind Power Market

According to the statistics of the NEA, in 2020, the newly installed grid-connected wind power in China amounted to 71.67 million kW, representing a year-on-year increase of 179%, of which onshore wind power and offshore wind power increased by 68.61 million kW and 3.06 million kW, respectively. As of the end of 2020, the cumulative installed capacity of wind power in China was 281 million kW, representing a year-on-year increase of 34.6%, accounting for 12.8% of the installed capacity of power grid, of which the cumulative installed capacity of onshore wind power was 271 million kW and the cumulative installed capacity of offshore wind power was 9 million kW. The annual wind power generation was 466.5 billion kWh, representing a year-on-year increase of 15%; the national average wind power utilization hours reached 2,097 hours; the national average wind power curtailment rate was 3%, representing a year-on-year decrease of 1 percentage point.

III. MAIN BUSINESS ANALYSIS

In 2020, facing the impact of the COVID-19 pandemic, the Company cooperated with enterprises across the industry chain to implement safe and orderly resumption of work and production. 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 realized. Meanwhile, as the era of grid parity approaches, the Company insisted on high-quality-oriented and large-scale-oriented development during the Reporting Period. While satisfying the growing demands as a result of policy adjustment, the Company accelerated business and management transformation, focused on creating value for customers, persisted in expansion and innovation, and continually enhanced the Company's overall competitiveness.

During the Reporting Period, the Company's operating revenue was RMB56,145.83 million, representing an increase of 48.23% YoY. Net profit attributable to owners of the company was RMB2,963.51 million, representing an increase of 34.10% YoY.

i. WTG R&D, Manufacturing and Sales

According to BNEF, the Company added 12.33GW of domestic installed capacity in 2020, with a domestic market share of 21%, and 13.06GW in the globe, representing a global market share of 13.51%. The Company was ranked the first in Chinese market for ten consecutive years and ranked second in the global market.

1. WTG Manufacturing and Sales

During the Reporting Period, the Group's revenue from the sales of WTGs and components was RMB46,658.57 million, representing an increase of 61.69% YoY. The Group's external sales totalled 12,931.66MW in 2020, an increase of 58.26% YoY. The sales volume of 3S/4S turbines to total sale volume increased from 8.58% to 11.09%.

The following table lists out details of the Group's WTG sales in 2020 and 2019:

	Year ended 31 December				
	2020		2019		
Model	**Units**	**Capacity (MW)**	Units	Capacity (MW)	Change in %
6S/8S	**73**	**481.65**	39	253.30	90.15
3S/4S	**388**	**1,434.06**	220	701.02	104.57
2S	**4,436**	**10,714.30**	3,195	7,085.90	51.21
1.5MW	**200**	**301.65**	74	130.80	130.62
Total	**5,097**	**12,931.66**	3,528	8,171.02	58.26

During the Reporting Period, the Company had 10,771.27MW of external contracts, including 27.15MW of 1.5MW units, 3,568.8 MW of 2S series, 5,069.42MW of 3S/4S series and 2,105.9MW of 6S/8S series. The Company had 3,627.2MW of successful bid, including 49.5MW of 1.5MW units, 2,872.1MW of 2S series, 605.1MW of 3S/4S series and 100.5MW of 6S/8S series. Total external order backlog was 14,398.47MW. Overseas external contract totaled 1,996MW. In addition, the Company had 1,702MW of internal order backlog.

2. R&D and Certification

High-quality development has become an inevitable trend for the future development of wind power enterprises. During the Reporting Period, the Company adhered to the concept of innovation-driven development, focused on customers and value, integrated its capabilities of seven major R&D centers in the globe and technical advantages, and accelerated innovation of product technology, enriched its spectrum of smart wind turbines, and promoted technological innovation and digital transformation.

a. Product R&D and Mass Production

According to the market and client demands, the Company focused on the corporate strategy on cutting-edge products and technologies, optimized and upgraded the existing R&D platforms and products, continued to promote the R&D of 2S, 3S/4S and 6S/8S series units, and made full-line technical improvement on the software and hardware of products by combining the key technologies of various fields of wind turbines, so as to enhance product competitiveness. At the same time, in order to adapt to the development trend of the wind power era, the Company relied on the application of digital technology to develop a number of high-performance products during the Reporting Period while comprehensively improving the performance and intelligence level of wind power generating units, so as to empower the best solutions throughout the life cycle to meet the new market demand.

Applying advanced module design and Integrated Product Development (IPD) system, the Company upgraded the existing GW150-2.8 turbine 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.

GW155-4.5 turbine of 3S/4S-series adopts "Permanent Magnet Direct Drive (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. At the same time, two turbines of GW155-4.5 and GW136-4.2 of the series obtained the EPD (Environmental Product Declaration) Certification issued by ICMQ, an Italian certification body, and the Company is the first wind power enterprise in China to complete the issuance of the WTG EPD.

During the Reporting Period, the Company launched the new generation of PMDD platform GP21 and a series of high-performance flagship products, including GW165-4.0MW units for the low-to-medium wind speed market and GW165-5.XMW units for the medium-to-high wind speed market. GP21 platform products adopt platform-based and module development models to provide users with customized solutions under different scenarios, so as to achieve the best cost per unit of electricity and the best value of assets throughout the life cycle. The platform product, which has the high-yield application value of grid parity projects, has received great attention from the developers once launched. The first GW165-4.0MW prototype of the GP21 product series was officially connected to the grid on 31 December 2020.

Facing the stock market with great potential, the Company also launched the GW1S asset quality and efficiency enhancement integrated solution, which will increase the power generation of existing projects with new components and new technologies, maximize quality and efficiency enhancement, reduce risks and investment costs, and improve the user yield of old projects. The GW82-1.1MW model of the 1S platform was honored with the 2020 World's Best Wind Turbine by Windpower Monthly, and won the Gold Award for the Best Onshore Wind Turbine (below 4.4MW), which is also the only gold award for wind turbine manufacturers in China.

Goldwind continued to independently innovate offshore products. GW175-8.0MW offshore turbine 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. This model is the first domestic 8MW wind turbine with complete independent intellectual property rights in China, and is equipped with the world-leading rainwater corrosion control technology, blade tip to tower clearance monitoring technology, and the independently innovated E-TOP and E-Plus design. Upon its launch, it quickly gained market popularity. In June 2020, the turbine won the bid for 100,000 kW of offshore wind power project in Changle A District, Fujian.

During the Reporting Period, 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, the Company was awarded the first prize of 2019 Engineering Construction Science and Technology Award by China Association of Construction Enterprise Management.

In April 2020, Goldwind was honored with the first prize of Scientific and Technological Progress Award of 2019 Award of Beijing Science and Technology (2019年度北京市科學技術獎科技進步一等獎) for two subjects, namely The Development and Industrialization of Key Technologies for the Integration of Lightweight Large Rotor (《輕量化超大葉輪風電機組與柔性高塔一體化關鍵技術開發及產業化》) and Tall Wind Tower and the Active Support of Key Technologies and Large-scale Application of Grid-friendly Wind Power (《電網友好型風電高效安全主動支撐關鍵技術及規模化應用》).

b. Intellectual Property and Standard-Setting, Product Certification

Goldwind has always attached great importance to R&D and innovation investment, actively carried out new product certification, and 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.

In 2020, Goldwind obtained 85 wind turbine certificates, including 55 domestic turbine certificates and 30 foreign turbine certificates, 40 design certificates, 31 turbine type certificates, and 14 turbine certificates for regional compliance and technology. The turbine certificates obtained cover the key models of the Company's various platforms.

During the Reporting Period, Goldwind filed 493 new patent applications, including 353 invention patent applications, accounting for 72%; 137 patent applications abroad, among which 33 were filed in the United States, accounting for 24%; 102 software copyright applications; and 49 domestic trademark applications. In the meanwhile, the Company added 613 patent licenses, including 359 invention patent licenses, accounting for 58%; 98 patent licenses abroad; and 12 domestic registered trademarks.

The Company actively participated in the formulation and revision of domestic and international standards for wind power technology. As of the end of 2020, 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 153 were already published.

3. Quality Management

The Company always adheres to the quality control concept of "wind power marathon" to achieve high-quality development of products while ensuring controllable quality risks and efficiency improvement, and promoting the growth of both scale and efficiency. 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, emphasizing that quality control 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 customers' perspectives to ensure fast and efficient solutions to quality issues. 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 ensure quality delivery.

During the Reporting Period, Goldwind officially became a member of the board of directors of APQP4Wind (Advanced Product Quality Planning for Wind), the first batch of enterprises to join the board of directors in addition to the five founding members of the organization, and the only non-European and American enterprise in the board of directors. This marks the board of directors of APQP4Wind's recognition of Goldwind's achievements in quality control, and also marks that China's wind power companies as well as Asia's wind power companies, represented by Goldwind, have reached a new level of influence and voice in the development and management of international wind power quality standards.

ii. Wind Power Service

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 maximize efficiency and minimize 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 utilized the online and offline resources and smart operation systems to improve operation efficiency.

Goldwind's smart operation and management system SOAM™ achieved a commercial scale of more than 70 GW, and has realized the business expansion of wind, light, water, storage and multiple energy sources, and achieved the business coverage of 18 provinces, cities and autonomous regions in total. In the process of cooperation with a number of power generation enterprises in the smart wind farm, Goldwind has launched intelligent inspection, face recognition and other intelligent application services. And Goldwind broke through in the cooperation of a number of provincial power grid companies relied on better wind power forecasting products and services,

At the same time, Goldwind continued to pay attention to the transformation of old generation units in the wind power inventory market, and cooperated with a number of large power generation group customers to optimize and upgrade inefficient wind farms, so as to provide customers with a package of solutions, the comprehensive wind resource assessment, load intensity assessment, components testing and assessment, grid connection optimization and transformation, engineering construction, equipment operation and maintenance and asset operation and so on. Among, a southern region in China has implemented the transformation of wind farms, and the annual power generation increased by more than 70%.

In addition, the Company faced the market of major modules of direct-drive and double-fed technology turbines relying on the nationwide component maintenance service network , providing customers with professional and highly efficient maintenance service, as well as comprehensive, integrated services including transportation, installation, technological optimization, and insurance claims. During the Reporting Period, the Company achieved long-term large component maintenance service cooperation with a number of wind power developers. Through rapid maintenance and spare parts replacement services, Goldwind's service helps reduce downtime by more than 50%, minimizes 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 optimized preventive maintenance suggestions, which has been highly recognized by customers.

The Company provided customers with full life cycle of overall solutions, which were customized to solve the possible problems of customers from the whole process including wind farm development, solutions, site selection, design, procurement, construction, operations and so on and provides one-stop service. Through the project construction, realization of the design optimization, technology innovation, accurate delivery, cost reduction and so on, the Company achieved maximum value of wind power project. During the reporting period, the whole solution ability of Company's EPC improved. Through their own advantages, the Company solved the key and difficult problems of customers, such as the grid-connection, land requisition, rush to work and so on, which completed multiple turn-key projects. By the end of 2020, the Company's EPC construction capacity has exceeded 7 million kW.

As at the end of the Reporting Period, the Group's capacity of O&M service projects under operation at home and abroad totalled 14.12GW, representing a year-on-year increase of 28.5%. 45,015 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, the Group's revenue from the Wind Power Service business was RMB4,433.70 million, representing an increase of 24.15% YoY.

iii. Wind Farm Investment and Development

In 2020, the Company actively carried out the application of grid parity, competitive bidding projects, large base and offshore wind power projects, and continuously increased the reserve of advantageous resources. At the same time, the Company accelerated the improvement of asset management capabilities and promote the quality and efficiency enhancement of existing assets.

During the Reporting Period, the newly-added attributable grid-connected installed capacity of the Company's domestic and overseas self-operated wind farms was 1,238 MW, and the attributable grid-connected capacity transferred was 437MW. As at the end of the Reporting Period, the global cumulative attributable grid-connected installed capacity was 5,487 MW; the domestic and overseas attributable wind farms under construction were 2,818 MW; the approved yet unconstructed attributable capacity of resources in China was 2,301 MW.

As of the end of 2020, the Company's domestic wind power assets accounted in the consolidated financial statements covered 16 provinces across China, maintaining the "Three North" regional layout and expanding to East China and South China. During the Reporting Period, the average power generation utilization hours of domestic turbine units were 2,223 hours, which was 126 hours higher than the national average. The Company's domestic power generation accounted in the consolidated financial statements was 7.72 billion kWh, and on-grid power generation was 7.488 billion kWh.

The Company actively tried to develop "load-side" resources and various integrated energy sources, and initially achieved the transformation to "Generation-Grid-Load-Storage" integrated energy. The Company implemented the first micro-grid demonstration project in the Erenhot area of Inner Mongolia and the first wind power storage supporting project in Suzhou area of Anhui, and approved the first comprehensive renewable energy application demonstration project led by the local government in Baotou area of Inner Mongolia.

In 2020, the Company achieved full cost and construction period management and control of the project through various measures such as pre-design and optimization, procurement model optimization and construction cost control, formed a continuous optimization mechanism for the cost index of electricity, shortened the construction period, reduced the investment cost and achieved remarkable results, and led to a breakthrough to realize grid connection of projects with capacity of over 1 million kW; At the same time, the Company always strived for excellence in project construction management, and strictly controls the quality of construction projects. During the Reporting Period, the Company's Mulei Laojunmiao Wind Power Project and Guazhou Anbei No. 2 Wind Farm Zone C Project were awarded the honor of "Five-star Maturity of Site Management" by China Association for Quality; The project of Niutouling Wind Farm in Tiandeng County was awarded the first "Five-Star Green Wind Farm" evaluation certificate issued by the China Environmental United Certification Center; The Wengniuteqi Hepingyingzi Wind Power Project was awarded the "China Star of Installation Quality Engineering Award" by China Installation Association (中國安裝協會).

The operational capacity of wind farms continued to grow, from the enhancement of basic operation and maintenance to the focus on asset full life cycle revenue lock-up and value enhancement, from the enhancement of power trading capacity of power-side assets from the load-facing side to the customers, and from the innovation and transformation of the asset management model of wind farms during the operation period driven by digital system, to comprehensively improve the comprehensive income of each wind farm, so as to achieve stable and high-quality investment returns for investors. As at the end of the Reporting Period, the Company's wind farm assets under management amounted to 6.239 million kW, representing a year-on-year increase of 19%.

During the Reporting Period, the Group's generation revenue from wind farm business was RMB4,018.72 million. During the Reporting Period, investment gains from wind farm disposal totalled RMB1,035.22 million.

Item	Reporting Period	Corresponding period last year
Domestic projects		
Total installed capacity (0' 000 kW)	523.97	440.36
Installed capacity of new generators in operation (0' 000 kW)	105.81	29.11
Planned installed capacity of approved projects (0' 000 kW)	230.10	205.73
Planned installed capacity of projects under construction (0' 000 kW)	203.15	195.66
Power generation (000 million kWh)	77.24	79.63
On-grid power generation or electricity sales (000 million kWh)	74.88	77.16
Average on-grid tariff or electricity selling price (RMB/000 million kWh, tax inclusive)	0.52	0.52
Average power consumption rate of power plants (%)	3.05%	3.10%
Utilization hours of power plants (hours)	2,223	2,212
International Projects		
Total installed capacity (0' 000 kW)	24.76	28.31
Installed capacity of new generators in operation (0' 000kW)	17.95	0
Planned installed capacity of projects under construction (0' 000 kW)	78.61	96.56
Power generation (000 million kWh)	7.6	7.6
On-grid power generation or electricity sales (000 million kWh)	7.5	7.5
Average power consumption rate of power plants (%)	2%	2%
Utilization hours of power plants (hours)	2,764	3,160

Note: Due to the differences in development processes and tariff pricing mechanisms, there is no planned installed capacity and average on-grid tariff or electricity selling price of the approved projects for international business.

Power Sales Business of the Company

The Company currently has six electricity sales companies with business scope covering Jiangsu, Shandong, Shanxi, Xinjiang, Shaanxi, Sichuan, Henan, Beijing, Tianjin, Hebei and other regions. In combination with the opportunity of national power reform, the Company has established a competitive advantage of tariff with leading trading strategies and load side linkage to provide power users with green energy of high reliability, reasonable cost and convenient use. During the Reporting Period, the contracted capacity of the Company's electricity sales business was 14.4 billion kWh, representing a year-on-year increase of 112%.

iv. Water Treatment Business

Applying risk control and sound business strategy, the Company's water treatment business kept up healthy development in 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, visualized and flat mobile monitoring and other emerging technologies, the system smartly recognizes, locates, monitors, calculates, manages, simulates, predicts and optimizes 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 Customizable ozone catalytic technology and related products, have also performed well in energy consumption, performance, and customization.

During the Reporting Period, the State Intellectual Property Office accepts 15 patents applications from Goldwind Environmental Protection. As of the end of the year, Goldwind Environmental Protection obtained 30 patents for new utility model and 3 software copyrights, covering sewage treatment, industrial water treatment, smart water business operation platform and other fields, which effectively improved the operation and treatment efficiency of water plants.

As of the end of the Reporting Period, the Company owns about 50 water treatment project companies, with treatment of more than 3.5 million tonnes of water per day, covering over 10 million people in 13 provinces in China.

During the Reporting Period, the Company's revenue from water treatment business totalled RMB666.09 million revenue, among which water operation business totaled RMB505.99 million, an increase of 21.15% YoY.

v. Major Subsidiaries

As at 31 December 2020, the Group had 452 subsidiaries, which included 44 directly owned subsidiaries and 408 indirectly owned subsidiaries. In addition, the Group had 18 joint ventures, 25 associated companies and 17 equity investments. The Group's principal subsidiaries include R&D and manufacturing companies for WTG components, wind farm development companies, wind power service companies, water treatment plants, finance lease service companies, etc. The following table sets out the key financial information of principal subsidiaries of the Group (reported in accordance with CASBE):

As at 31 December 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.	104,400	12,682,593,414.49	1,562,293,624.00	11,033,571,706.51	97,453,714.71
2	Jiangsu Goldwind Technology Co., Ltd.	75,961	6,991,581,958.27	1,841,631,553.34	4,979,234,755.13	294,024,886.78
3	Beijing Techwin Electric Co., Ltd	10,000	4,463,753,659.88	1,827,636,926.45	4,369,269,344.03	199,068,626.59
4	Beijing Tianrun New Energy Investment Co., Ltd.	555,000	40,651,992,601.36	13,504,935,049.53	3,829,641,236.77	2,016,033,045.17

IV. OPERATIONS PERFORMANCE AND ANALYSIS

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

Summary

For the year ended 31 December 2020, the Group's operating revenue was RMB56,145.83 million, representing an increase of 48.23% compared with RMB37,878.21 million for the year ended 31 December 2019. Net profit attributable to owners of the Company was RMB2,963.51 million, representing an increase of 34.10% compared with RMB2,209.85 million for the year ended 31 December 2019. The Group reported basic earnings per share of RMB0.67.

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

Financial indicators	Year ended 31 December 2020	2019	Change (percentage points)
Profitability Index			
Sales margin attributable to owners of the Company	**5.28%**	5.83%	-0.55
Return on investment index			
Weighted average return on net assets◆	**9.51%**	7.94%	+1.57

◆ Calculated according to Announcement No. [2010]2, *Information Disclosure Compiling Rule No. 9 of Public Offering Company about the Calculation and Disclosure of Net Asset Income Rate and Earnings Per Share*.

Revenue

The Group's revenues were generated primarily from business segments including: (i) the WTG Manufacturing; (ii) Wind Power Services; (iii) Wind Farm Development; and (iv) Other business segments. Revenue from WTG Manufacturing was mainly generated through sales of WTGs and components. Revenue from Wind Power Services was mainly generated through wind farm engeering, construction, maintenance, and other services. Revenue from Wind Farm Development was mainly generated from the sale of elecricity produced by wind farms under operation. Revenues from other business segments include revenues from lease financing and from water treatment business.

For the year ended 31 December 2020, The Group's operating revenue was RMB56,145.83 million, representing an increase of 48.23% compared with RMB37,878.21 million for the year ended 31 December 2019. Details are set out as below:

Unit: RMB thousand

Revenue	Year ended 31 December 2020	2019	Amount Change	Percentage Change
WTG Manufacturing	**46,658,568**	28,856,924	17,801,644	61.69%
Wind Power Services	**4,433,703**	3,571,357	862,346	24.15%
Wind Farm Development	**4,018,720**	4,257,234	(238,514)	-5.60%
Others	**1,034,836**	1,192,690	(157,854)	-13.24%
Total	**56,145,827**	37,878,205	18,267,622	48.23%

The increase in operating revenue of the Group was mainly attributable to: (i) the new opportunity and challenge brought by the reduction of subsidy and the start of an era of fair and competitive price for the wind power industry, together with the high market recognition of the Group's products drove the WTGs sale growth in 2020;(ii)as a result of the development of market strategies, revenue from Wind Power Post-Warranty Services during the Reporting Period increased substantially.

Cost of Sales

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

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

Unit: RMB thousand

Cost	Year ended 31 December 2020	2019	Amount Change	Percentage Change
Raw materials and components	**41,837,419**	29,453,076	12,384,343	42.05%
Labour	**371,624**	269,021	102,603	38.14%
Depreciation and amortisation	**1,749,303**	1,227,927	521,376	42.46%
Other production costs	**3,575,982**	4,779,906	(1,203,924)	-25.19%
Changes in inventories and transferred assets	**(1,035,988)**	(4,815,309)	3,779,321	-78.49%
Total	**46,498,340**	30,914,621	15,583,719	50.41%

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

Unit: RMB thousand

Cost	Year ended 31 December 2020	2019	Amount Change	Percentage Change
WTG Manufacturing	**40,192,017**	25,286,433	14,905,584	58.95%
Wind Power Services	**4,555,300**	3,347,475	1,207,825	36.08%
Wind Farm Development	**1,304,340**	1,610,969	(306,629)	-19.03%
Others	**446,683**	669,744	(223,061)	-33.31%
Total	**46,498,340**	30,914,621	15,583,719	50.41%

The increase in cost of sales of the Group was mainly caused by the increase in operating income of the Group in 2020.

Gross Profit

Unit: RMB thousand

Gross Profit	Year ended 31 December 2020	2019	Amount Change	Percentage Change
WTG Manufacturing	**6,466,551**	3,570,491	2,896,060	81.11%
Wind Power Services	**(121,597)**	223,882	(345,479)	-154.31%
Wind Farm Development	**2,714,380**	2,646,265	68,115	2.57%
Others	**588,153**	522,946	65,207	12.47%
Total	**9,647,487**	6,963,584	2,683,903	38.54%

Gross profit of the Group mainly comes from WTG Manufacturing business and Wind Farm Development business. The gross profit decreased mainly due to the decrease of gross profit from wind farm engineering and construction service compared with prior period.

For the year ended 31 December 2020 and 2019, the Group's comprehensive gross profit margins were 17.18% and 18.38%, respectively. The gross profit margins for the WTG Manufacturing segment were 13.86% and 12.37%, respectively. The following table sets out the gross profit margins for WTGs (prepared in accordance with CASBE):

Gross Profit Margin	Year ended 31 December 2020	Year ended 31 December 2019	Change (percentage points)
6S/8S	**20.16%**	15.80%	4.36
3S/4S	**14.11%**	13.98%	0.13
2S	**13.85%**	11.58%	2.27
1.5MW	**26.19%**	25.98%	0.21

Gross profit margin for all WTG product series increased during the Reporting Period.

Other Income and Gains, Net

Other net incomes and gains of the Group mainly consist of gain on disposal of subsidiaries (including the sales revenue of wind power equipment realized due to the sales of such wind farms), interest income, insurance compensation on product warranty expenditures, gross rental income from investment properties and equipment, and government grants obtained for R&D projects and production facilities, etc.

Other net income and gains of the Group were RMB2,147.24 million for the year ended 31 December 2020, representing a decrease of 9.53% compared with RMB2,373.31 million for the year ended 31 December 2019. This was mainly caused by the decrease in insurance compensation on product warranty expenditures, the decrease in gain on disposal of investment properties, gain on disposal of items of property, plant and equipment, fair value gains, etc. Such decrease was offset by the increase in gain on disposal of subsidiaries(including gain on re-measurement of the remaining equity interests in investees at the date of losing control), the increase in interest income, etc.

Selling and Distribution Expenses

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

Selling and distribution expenses of the Group for the year ended 31 December 2020 was RMB3,651.45 million, representing an increase of 30.22% compared with RMB2,804.14 million for the year ended 31 December 2019. This was mainly caused by the increase in delayed operation expenses and product warranty provisions. Such increase was offset by the decrease in staff costs, freight charges, etc.

Administrative Expenses

The Group's administrative expenses mainly include R&D expenses, staff costs, depreciation, consultancy fees and travel expenses, etc.

Administrative expenses of the Group for the year ended 31 December 2020 was RMB3,485.14 million, representing an increase of 32.19% YoY compared with RMB2,636.53 million for the year ended 31 December 2019. This was mainly caused by the increase in staff costs, R&D expenses, and surtaxes.

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 year ended 31 December 2020 was RMB149.55 million, representing an increase of 711.89% compared with net gain of RMB24.44 million for the corresponding period in 2019. This was mainly attributable to the increase in impairment of trade receivables, other receivables, etc.

Other Expenses

Other expenses of the Group maily include bank charges, foreign exchange net losses, assets impairment provision, etc.

For the year ended 31 December 2020 the Group's other expenses were RMB618.20 million, maintained at roughly the same level compared with RMB611.45 million for the year ended 31 December 2019.

Finance Costs

For the year ended 31 December 2020 the Group's finance costs were RMB881.01 million, representing a decrease of 20.58% compared with RMB1,109.32 million for the year ended 31 Decemeber 2019. This was mainly due to the decrease in interest expenses for interest-bearing bank and other borrowings and the increase in capitalised interest, etc.

Income Tax Expense

For the year ended 31 December 2020 the Group's income tax expense was RMB308.06 million, representing a decrease of 7.03% compared with RMB331.35 million for the year ended 31 December 2019. This was mainly due to increased non-taxable profit compared with prior year.

Financial Position

As of 31 December 2020 and 31 December 2019, the Group's total assets were RMB109,138.18 million and RMB103,057.08 million, respectively. Total current assets were RMB44,038.27 million and RMB48,444.17 million, respectively. The ratio of current assets to total assets were 40.35% and 47.01%, respectively. The decrease in current assets was mainly due to the decrease in assets of disposal groups classified as held for sale, inventory, prepayments, other receivables and other assets. Such decrease was offset by the increase in trade receivables, cash and cash equivalents, derivative financial instruments, etc.

As of 31 December 2020 and 31 December 2019, the Group's total non-current assets were RMB65,099.92 million and RMB54,612.92 million, respectively. The increase in total non-current asset was mainly due to the increase in property, plant and equipment as a result of increased number of wind farms either under operation or under construction, the increase in the interests in joint ventures, the increase in right-of-use assets, prepayments, other receivables and other assets, other intangible assets, financial receivables, deferred tax assets, financial assets at fair value through profit or loss. Such increase was offset by the decrease in contract assets, other non-current financial assets, etc.

As of 31 December 2020 and 31 December 2019, the Group's total liabilities were RMB74,164.89 million and RMB70,832.84 million, respectively. Total current liabilities were RMB47,844.83 million and RMB49,568.90 million, respectively. The decrease in current liabilities was mainly due to the decrease in liabilities directly associated with the assets classified as held for sale, the decrease in other payables and accruals. Such decrease was offset by the increase in trade and bills payables, provision, derivative financial instruments,etc.

As of 31 December 2020 and 31 December 2019, the Group's total non-current liabilities were RMB26,320.06 million and RMB21,263.94 million, respectively. This was mainly due to the increase in interest-bearing bank and other borrowings, provision, trade payables, etc.

As of 31 December 2020 and 31 December 2019, the Group's net current liabilities were RMB3,806.57 million and RMB1,124.73 million, respectively. The Group's net assets were RMB34,973.29 million and RMB32,224.25 million, respectively.

As of 31 December 2020 and 31 December 2019, the Group's cash and cash equivalents were RMB7,709.22

million and RMB6,820.78 million, respectively. The interest-bearing bank and other borrowings were RMB25,555.17 million and RMB21,741.51 million, respectively.

Financial Resources and Liquidity

Unit: RMB thousand

	Year ended 31 December	
	2020	2019
Net cash flows from operating activities	**5,377,445**	5,928,783
Net cash flows used in investment activities	**(5,719,254)**	(10,266,612)
Net cash flows from financing activities	**1,469,885**	6,131,065
Net increase in cash and cash equivalents	**1,128,076**	1,793,236
Cash and cash equivalents at beginning of Reporting Period	**6,807,417**	5,012,017
Net effect of foreign exchange rate changes	**(230,170)**	2,164
Cash and cash equivalents at end of Reporting Period	**7,705,323**	6,807,417

1. Cash flows from operating activities

The net cash receipts of the Group's operations mainly include pre-tax profits, plus adjustments for non-cash items, changes in operating capital, other income and gains, etc.

For the year ended 31 December 2020 the Group's net cash flows from operating activities were RMB5,377.45 million. Cash inflows consist mainly of profit before tax of RMB3,273.54 million, income tax payments of RMB308.06 million, adjustments of the increase of RMB5,396.06 million in trade and bills payables, the increase of RMB1,616.48 million in depreciation, the increase of RMB1,185.13 million in provision, the increase of RMB881.01 million in finance costs, the decrease of RMB614.23 million in contract assets, the decrease of RMB607.74 million in inventory, etc. The cash inflows were offset by the increase of RMB 5,032.63 million in trade and bills receivables, the increase of RMB775.36 million in gain on remeasurement of the previously held interest in acquirees at the date of losing control, the decrease of RMB708.45 million in other payables and accruals, the increase of RMB696.19 million in prepayments, other receivables and other assets, the increase of RMB424.41 million in financial receivables, the increase of RMB327.56 million in interest income, etc.

For the year ended 31 December 2019 the Group's net cash flows from operating activities were RMB5,928.78 million. Cash inflows consist mainly of profit before tax of RMB2,561.11 million, income tax payments of RMB331.35 million, adjustments of the increase of RMB6,912.61 million in other payables, the increase of RMB2,280.93 million.in trade and bill payables, the increase of RMB1,322.45 million in depreciation, and the increase of RMB1,109.32 million in finance costs, etc. The cash inflows were offset by the increase of RMB3,141.45 million in inventory, the increase of RMB1,582.62 million in prepayments, other receivables and other assets, the increase of RMB937.72 million in trade and bill receivables, the increase of RMB720.83 million in gain on disposal of subsidiaries, the increase of RMB656.93 million in contract assets, the increase of RMB487.60 million in finance receivables, the increase of RMB348.44 million in share of profits of joint ventures, the increase of RMB227.81 million in interest income, the increase of RMB207.25 million in gain on disposal of investments in associates and joint ventures, and the increase of RMB197.47 million in gain on disposal of investment properties, etc.

2. Cash flows used in investing activities

The net cash used in investing activities of the Group mainly consists of purchase of properties, plant and equipment, purchases of financial assets, disposals of subsidiaries, disposals of shareholding in associates and joint ventures , etc.

For the year ended 31 December 2020 the Group's net cash flows used in investing activities were RMB5,719.25 million. Cash outflows consist mainly of purchase of property, plant and equipment of RMB7,578.43 million, purchases of financial assets at fair value through profit or loss of RMB1,000.00 million, increase in advances to equtiy investment of RMB369.96 million, etc. The cash outflows were offset by the cash inflows from disposals of subsidiaries, net of cash disposed of RMB1,753.76 million, cash received from disposal of subsidiaries during previous year of RMB795.39 million, disposals of financial assets at fair value through profit or loss of RMB748.72 million, disposals of shareholding in associates and joint ventures of RMB236.45 million, etc.

For the year ended 31 December 2019 the Group's net cash flows used in investing activities were RMB10,266.61 million. Cash outflows consist mainly of purchase of property, plant and equipment of RMB10,968.12 million, purchases of financial assets at fair value through profit or loss of RMB740.00 million, investments in associates of RMB520.51 million, etc. The cash outflows were offset by cash inflows from disposals of subsidiaries, net of cash disposed of RMB1,230.32 million, disposals of shareholding in associates and joint ventures of RMB608.82 million, etc.

3. Cash flows from financing activities

The net cash flows from financing activities of the Group mainly consist of new bank and other borrowings and proceeds from issuance of perpetual securities, net of issuance costs.

For the year ended 31 December 2020 the Group's net cash inflows from financing activities were RMB1,469.89 million. Cash inflows consist mainly of new bank and other borrowings of RMB8,276.69 million, proceeds from issuance of perpetual securities, net of issuance costs of RMB997.00 million, etc. Cash inflows were offset by repayment of bank and other borrowings of RMB6,021.03 million, interest paid of RMB976.83 million, dividend paid of RMB784.39 million, etc.

For the year ended 31 December 2019 the Group's net cash inflows from financing activities were RMB6,131.07 million. Cash inflows consist mainly of new bank and other borrowings of RMB11,458.08 million, proceeds from issue of shares of RMB4,639.73 million. Cash inflows were offset by repayment of bank and other borrowings of RMB7,641.61 million, dividend paid of RMB1,181.36 million, interest paid of RMB1,073.35 million, etc.

Capital Expenditure

For the year ended 31 December 2020 the Group's capital expenditures were RMB10,370.47 million, representing a decrease of 20.46% compared with RMB13,037.53 million for the year ended 31 December 2019. The primary sources of funds to finance capital expenditures are bank loans and cash flows from operating activities of the Group.

Interest-bearing bank and other borrowings

As at 31 December 2020, the Group's interest-bearing bank loans were RMB23,136.73 million, including bank loans repayable within one year of RMB5,098.32 million, in the second year of RMB3,730.66 million, in the third to fifth year of RMB4,886.24 million, and above five years of RMB9,421.51 million. In addition, as at 31 December 2020, the Group's other borrowings were RMB2,418.44 million, including other borrowings repayable within one year of RMB513.92 million, in the second year of RMB266.74 million, in the third to fifth year of RMB801.51 million, and above five year of RMB836.27 million. During the Reporting Period, the Group did not apply any interest rate hedging methods.

Capitalization of Interest

For the year ended 31 December 2020, the Group's capitalised interest expenses were RMB165.49 million.

Reserves

As at 31 December 2020, the Company's reserves distributable to shareholders were RMB1,428.94 million. This was the lower figure calculated under CASBE and IFRS.

Restricted Assets

As at 31 December 2020, certain assets of the Group with a total carrying value of RMB20,880.76 million were pledged as security for certain bank loans, other banking facilities, power price swap contract, finance leases, etc. Such assets include bank deposits of RMB672.69 million, trade and bills receivables of RMB5,319.28 million, financial receivables of RMB1,807.79 million, property, plant and equipment of RMB12,920.74 million, right-of-use asset of RMB160.26 million.

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

Gearing Ratio

As at 31 December 2020, the Group's gearing ratio, defined as net debt divided by the sum of capital and net debt, was 59.25%, representing an increase of 0.62 percentage point compared with 58.63% as at 31 December 2019.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group primarily operated its businesses in China. Over 88% of the Group's revenue, expenditure, and financial assets and liabilities were denominated in RMB. The exchange rate of the RMB against foreign currencies did not have a significant impact on the Group's businesses. For the year ended 31 December 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 consisted of letters of credit issued, letters of guarantee issued, guarantees and compensation arrangements given to banks in connection with bank loans granted to joint ventures, associates or independent third parties.

As at 31 December 2020, the Group's contingent liabilities were RMB19,084.22 million, representing a decrease of RMB1,918.61 million compared with RMB21,002.83 million as at 31 December 2019.

Significant Investments

The Group made no significant investment during the year ended 31 December 2020.

Material Acquisitions and Disposals

Save as disclosed in the section headed "Acquisitions and Disposals of Subsidiaries and Associates" in this announcement, the Group did not have any material acquisitions and disposals during the year ended 31 December 2020.

Future Plans for Material Investments or Capital Assets

As at the date of this announcement, there is no plan authorized by the Board for material investments or additions of capital assets

V. OUTLOOK FOR THE FUTURE

1. Overall Trend of Industrial Development

The International Energy Agency (IEA) released the report *World Energy Outlook 2020* (《世界能源展望2020》) stating that renewable energy power generation has shown strong resilience during the pandemic and is expected to achieve strong growth. It is expected that renewable energy will account for 80% of the increase in global electricity demand from 2020 to 2030. Renewable energy will replace coal as the main form of power generation, and by 2030, nearly 40% of the power supply will be provided by hydro, wind, photovoltaic, biomass, geothermal and marine energy. China's renewable energy generation will increase by nearly 1,500 TWh, equivalent to the sum of power generation in France, Germany and Italy in 2019.

According to the *Global Renewable Energy Outlook-Energy Transition 2050* (《全球可再生能源展望—能源轉型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* (《2020全球海上風電報告》) 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* (《全球風電市場展望更新——2020年第二季度》) 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.

2. Development Trend of Domestic Market in 2021

The 2021 Government Work Report (《2021年政府工作報告》) has set a target for GDP growth of more than 6% in 2021. On the basis of green development and scientific development, the Company continued to emphasize the optimization of industrial structure and energy structure, and proposed to formulate the action plan for reaching the peak of carbon emission by 2030 to vigorously develop new energy. The energy consumption per unit of GDP and carbon dioxide emissions were reduced by 13.5% and 18% respectively (5 years accumulated) and the clean heating rate in the northern region reached 70%.

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 optimization, 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 issued the "Guiding Opinions on Promoting the Integration and Multi-Energy Complementary Development of Power Source Grid (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》), which clearly stated that the institution designated by the NEA is responsible for leading the establishment of the coordination, operation and benefit sharing mechanism of power source grid and multi-energy complementary projects in the region where it is located, further deepening the construction of market mechanisms such as power auxiliary service market and medium and long-term transactions, fully exploring the adjustment capabilities of various parties such as conventional power sources, energy storage and user load, and improving the consumption level of renewable energy.

3. Corporate Strategy

Goldwind adheres to the mission of "contributing clean water and blue sky to mankind and leaving more resources to the future" and is committed to "becoming the industry leader in the comprehensive solutions for global clean energy, energy conservation and environmental protection". During the "14th Five-Year Plan" period, Goldwind will adhere to the strategic pursuit of "quality, innovation, synergy, talents and growth", adhere to the development concept of "high-quality and sustainable development, pursuing a better life", persist in the management breakthrough of "being customer-oriented and strategy-driven, efficiency-driven with enhancement of organizational vitality and risk prevention", and emphasize the digitalization, internationalization and sustainable development of various businesses, so that Goldwind can become a high-tech sustainable enterprise that earns respect round the world.

4. Company Business Plan and Major Objectives

In 2021, the Company will continue to adhere to the development concept of "synergy, intelligence and scale", seize the development opportunities of the industry, center around customers, focus on value, strengthen core competitiveness and maintain its leading position in the industry through technological innovation, business model innovation and management innovation. In 2021, the wind power industry has officially entered an era of grid parity. The Company will continue to launch wind turbine products that meet customers' expectations through technological innovation based on the "customer-oriented" principle. We will persist in giving priority to the market, seize opportunities to acquire resources, strive to achieve large-scale development in various scenarios such as large base, centralized, distributed and offshore, and pursue high-quality and large-scale development. At the same time, internal business and management are closely coordinated to enhance the Company's competitive advantages in the whole industry chain.

5. Capital Requirements

According to Company's operation objectives and plans for 2021, the Company's working capital in 2021 will be financed mainly by self-owned capital and bank loans. The Company has a strong solvency position with high reputation, in tandem with stable and smooth financing channels, and sources of capital are sufficiently guaranteed.

6. Possible Risks

(1) Policy Risk
The development of wind power industry is impacted by national policies and industrial development, 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 fluctuation.

(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. The Company actively deployed scientific prevention and control measures, purchased protective materials, and made a lot of effort to prevent and control the epidemic. During the Reporting Period, the Company achieved zero infection, smooth running of production and operation, a good performance in financial structure and asset condition, and phased achievements of organized promotion of project construction. If the pandemic cannot be effectively controlled in the future, 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.

VI. CORE COMPETITIVE ADVANTAGES

i. Market Leading Position

Goldwind was among the earliest enterprises to enter into the field of WTG manufacturers in China. After 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 ten consecutive years and was ranked the second largest in the world in 2020, symbolising its industry-leading position for many years.

ii. 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.

iii. 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.

iv. 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.

v. 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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB2.5 per every 10 Shares (including tax) from the Company's retained undistributed profit for the financial year ended 31 December 2020, based on the issued share capital of the Company of 4,225,067,647 Shares. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2020 in accordance with the provisions of the Articles, and will be implemented thereafter. The final dividend will be paid to the Shareholders on or before 30 August 2021. Information regarding the date of the AGM for the year of 2020, distribution of final dividend, and the relevant record dates and book close dates will be announced in due course.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for implementing the Corporate Governance Code and managing the Group's corporate governance matters. The Board has reviewed the corporate governance policies and practices of the Company and its policies and practices relating to compliance with legal and regulatory requirements, as well as training and continuous professional development of the Directors and Senior Management. The Board has also reviewed the disclosure of its Corporate Governance Report for the year ended 31 December 2020.

The Company has complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2020.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2020 which would materially affect the Group's operating and financial performance as at the date of this announcement.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group acquired and disposed certain subsidiaries and interests in certain associates during the financial year ended 31 December 2020 in accordance with the development strategies of the Company and based on changes of the industry and market environments.

Beijing Tianrun, a wholly-owned subsidiary of the Company, (as Transferor) entered into the Equity Transfer Agreement with ABC Financial Asset Investment Company Limited* (農銀金融資產投資有限公司) ("**ABC Investment**") (as Transferee) on 25 October 2019 in relation to the transfer of the 49% equity interests in each of Shuozhou Pinglu Tianshi Wind Power Co., Ltd.* (朔州市平魯區天石風電有限公司) ("**Target Company I**") and Shuozhou Pinglu Tianrun Wind Power Co., Ltd.* (朔州市平魯區天潤風電有限公司) ("**Target Company II**"). Upon completion, the Group will continue to hold 51% equity interests in each of Target Company I and Target Company II, which will be accounted for as jointly controlled entities of the Group.

Equity transfer consideration of RMB667 million pursuant to the Equity Transfer Agreement comprising (i) the consideration for the transfer of 49% equity interest of Target Company I of RMB276,716,374; and (ii) the consideration for the transfer of 49% equity interest of Target Company II of RMB390,283,626. ABC Investment has paid the consideration under the Equity Transfer Agreement, being RMB667 million, to Beijing Tianrun in cash. The consideration is in the escrow account under common supervision of the Transferor and the Transferee before the fulfillment of settlement conditions.

The distributable profits of Target Company I and Target Company II to be shared by ABC Investment and Beijing Tianrun for each year from the Payment Date (being the day on which the Transferee pays the consideration under the Equity Transfer Agreement to the escrow account within 30 days from the signing of the Equity Transfer Agreement) to 2037 pursuant to the Profit Sharing Agreement, which shall be allocated in the following manner:

(a) For the portion of distributable profits of Target Company I and Target Company II for the previous year which does not exceed the agreed profit benchmark, ABC Investment and Beijing Tianrun shall distribute such profits in proportion to their respective shareholding;

(b) For the portion of distributable profits of Target Company I and Target Company II for the previous year which exceeds the agreed profit benchmark, ABC Investment and Beijing Tianrun shall distribute the exceeding portion on a 20(ABC Investment):80(Beijing Tianrun) basis.

Based on the valuation report prepared by the independent valuer, the total profit attributable to Beijing Tianrun in excess of its shareholding from the Payment Date to 2037 is valued approximately at RMB123 million.

For the avoidance of doubt, in the event that the distributable profits for the previous year is lower than or equals to the profit benchmark, ABC Investment and Beijing Tianrun shall only distribute the profit in proportion to their respective shareholding and not on a 20:80 basis.

The above equity transfer was completed on 29 February 2020. As distributable profits from the completion date to 31 December 2020 were lower than the profit benchmark, ABC Investment and Beijing Tianrun will distribute the profit in proportion to their respective shareholding.

MEDIUM-TERM NOTES

The Company issued the first tranche of the medium-term notes on 27 August 2020. The term is 3+N years, and the interest rate is 5.2%. The Company issued RMB1 billion of the medium-term notes at an issue price of RMB100. The medium-term notes are used to fund daily operations of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the financial year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company, save as the medium-term notes disclosed in this announcement.

SCOPE OF WORK MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF 2020 ANNUAL RESULTS

The Audit Committee of the Company has reviewed and approved the 2020 Annual Results of the Company.

Definitions

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

"A Shares"	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
"AGM"	annual general meeting of the Company;
"Articles"	the *Articles of Association* of the Company, as amended, modified or otherwise supplemented from time to time;
"attributable capacity"	represents the capacity attributed to the Group calculated by multiplying the Group's percentage ownership in a power project by the total capacity of such power project;
"Beijing Tianrun"	Beijing Tianrun New Energy Investment Co., Ltd.（北京天潤新能投資有限公司）, a company incorporated under the laws of the PRC on 11 April 2007 and a wholly owned subsidiary of the Company;
"Board"	the board of directors of the Company;
"CASBE"	*China Accounting Standards for Business Enterprises*;
"China" or "PRC"	the People's Republic of China. References in this announcement to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Company" or "Goldwind"	Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司), a joint stock limited liability company incorporated in the PRC on 26 March 2001;
"Corporate Governance Code"	*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;
"EPC"	Engineering, Procurement and Construction, a construction arrangement where a company that is contracted to construct the project will be responsible for the design, procurement and construction of such project, and will deliver such project to the owner after completion of the project construction and passing of the final acceptance inspection;
"Financial Statements"	the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, prepared in accordance with IFRSs;
"gearing ratio"	net debt divided by the sum of capital and net debt;
"Goldwind Environmental Protection"	Goldwind Environmental Protection Co., Ltd.（金风环保有限公司）, a company incorporated under the laws of the PRC in August 2015 and a wholly owned subsidiary of the Company;

"Group", "Goldwind", "us" or "we"	the Company and its subsidiaries;
"GW"	gigawatt, a unit of power, 1GW equals 1,000MW;
"H Shares"	ordinary shares issued by the Company, with RMB- denominated par value of RMB1.00 each, which are listed on the Stock Exchange and traded in HKD;
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"IFRSs"	*International Financial Reporting Standards*;
"kV"	kilovolt, a unit of potential difference between two terminals, 1kV equals 1,000 volts;
"kW"	kilowatt, a unit of power, 1kW equals 1,000 watts;
"kWh"	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
"Listing Rules"	the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;*
"MW"	megawatt, a unit of power, 1MW equals 1,000kW;
"NEA"	National Energy Administration of the PRC (中國國家能源局);
"NDRC"	National Development and Reform Commission of the PRC (中國國家發展和改革委員會);
"R&D"	research and development;
"RMB"	Renminbi, the lawful currency of the PRC;
"Senior Management"	the members of the senior management of the Company;
"Shareholders"	shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the meaning as ascribed in the Listing Rules;
"SZSE"	Shenzhen Stock Exchange;
"USD"	United States dollars, the lawful currency of the United States;
"Wind Farm Investment and Development"	the Group's Wind Farm Investment and Development business segment, one of the three primary business segments of the Group;
"Wind Power Services"	the Group's Wind Power Services business segment, one of the three primary business segments of the Group;
"WTG"	wind turbine generator;
"WTG Manufacturing"	the Group's WTG R&D, Manufacturing and Sales business segment, the core business of the Group and one of the three primary business segments of the Group;

"Xinjiang"	the Xinjiang Uyghur Autonomous Region of the PRC;
"YoY"	year-over-year, a method of evaluating two or more measured events to compare the results at one time period with those from another time period on an annualised basis; and
"%"	percent, in this announcement, calculations of percentage shall be based on the financial data contained in the Financial Statements including the relevant notes (where applicable).

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

Beijing, 26 March 2021

As at the date of this announcement, the Company's executive directors are Mr. Wu Gang, Mr. Cao Zhigang and Mr. Wang Haibo ; non-executive directors are Mr. Gao Jianjun, Mr. Lu Hailin and Ms. Dong Zhenyu; and independent non-executive directors are Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping.