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GOLDWIND

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.*

新疆金風科技股份有限公司

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

Stock Code : 02208

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board of the Company hereby announces the audited consolidated financial results of the Group for the financial year ended 31 December 2021 (the “**Reporting Period**”) (collectively, the “**2021 Annual Results**”).

** For identification purpose*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
REVENUE	5	50,416,079	56,145,827
Cost of sales	6	(39,229,022)	(46,498,340)
Gross profit		11,187,057	9,647,487
Other income and gains, net	5	2,784,095	2,147,239
Selling and distribution expenses		(3,173,720)	(3,651,445)
Administrative expenses		(3,529,854)	(3,485,143)
Impairment losses under expected credit loss model, net	6	(707,593)	(149,547)
Other expenses	7	(1,380,354)	(618,201)
Finance costs	8	(1,149,116)	(881,005)
Share of results of:			
Joint ventures		318,859	247,674
Associates		(10,149)	16,481
PROFIT BEFORE TAX	6	4,339,225	3,273,540
Income tax expense	9	(847,748)	(308,064)
PROFIT FOR THE YEAR		3,491,477	2,965,476
Profit attributable to:			
Owners of the Company		3,456,953	2,963,514
Non-controlling interests		34,524	1,962
		3,491,477	2,965,476

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- continued
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Changes in fair value of equity investments designated at fair value through other comprehensive income	7,284	54,518
	<u>7,284</u>	<u>54,518</u>
<i>Other comprehensive (expenses)/income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences on translation of foreign operations	(122,977)	212,946
Changes in fair value of debt instruments measured at fair value through other comprehensive income	10,235	5,636
Cash flow hedges	(91,139)	266,682
Cost of fair value hedges	80,639	(43,049)
Hedges of net investment in foreign operations	123,852	(187,358)
Share of other comprehensive income/(expenses) of joint ventures and associates	94,552	(33,218)
	<u>94,552</u>	<u>(33,218)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	95,162	221,639
	<u>95,162</u>	<u>221,639</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	102,446	276,157
	<u>102,446</u>	<u>276,157</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	3,593,923	3,241,633
	<u>3,593,923</u>	<u>3,241,633</u>
Total comprehensive income/(expenses) attributable to:		
Owners of the Company	3,557,083	3,243,363
Non-controlling interests	36,840	(1,730)
	<u>3,593,923</u>	<u>3,241,633</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Basic and diluted (expressed in RMB per share)	11	0.79
		<u>0.67</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

		As at 31 December	
	Notes	<u>2021</u>	<u>2020</u>
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	36,957,784	33,380,435
Investment properties		9,806	10,083
Right-of-use assets		2,706,771	2,614,810
Goodwill	13	163,265	354,785
Other intangible assets	14	5,810,090	4,374,044
Interests in joint ventures		4,553,804	4,807,309
Interests in associates		1,348,973	1,595,197
Equity investments designated at fair value through other comprehensive income		282,942	249,179
Financial assets at fair value through profit or loss		1,372,264	1,091,480
Other non-current financial assets		145,575	50,893
Deferred tax assets		2,604,434	2,244,779
Financial receivables	16	8,890,041	7,997,292
Prepayments, other receivables and other assets	17	3,380,188	2,536,275
Contract assets	18	3,003,533	3,381,528
Derivative financial instruments		85,083	303,801
Pledged deposits	19	109,707	108,026
Total non-current assets		71,424,260	65,099,916
CURRENT ASSETS			
Inventories		4,817,569	5,717,595
Trade and bills receivables	15	25,900,856	22,976,906
Contract assets	18	1,483,206	1,402,033
Prepayments, other receivables and other assets	17	4,531,944	4,464,901
Financial receivables	16	408,679	350,438
Derivative financial instruments		691,218	299,369
Financial assets at fair value through profit or loss		400,000	500,000
Other non-current financial assets		1,538	53,145
Pledged deposits	19	435,994	564,654
Cash and cash equivalents	19	8,141,296	7,709,224
		46,812,300	44,038,265
Assets of disposal groups classified as held for sale		1,123,632	-
Total current assets		47,935,932	44,038,265

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT 31 DECEMBER 2021

		As at 31 December	
	Notes	2021	2020
		RMB'000	RMB'000
CURRENT LIABILITIES			
Trade and bills payables	20	31,876,046	28,610,039
Other payables and accruals		9,618,225	10,949,195
Derivative financial instruments		31,273	275,858
Interest-bearing bank and other borrowings		4,864,007	5,612,238
Tax payable		797,655	413,531
Provision		1,975,805	1,983,972
		<u>49,163,011</u>	<u>47,844,833</u>
Liabilities directly associated with the assets of disposal group classified as held for sale		723,063	-
Total current liabilities		<u>49,886,074</u>	<u>47,844,833</u>
NET CURRENT LIABILITIES		<u>(1,950,142)</u>	<u>(3,806,568)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>69,474,118</u>	<u>61,293,348</u>
NON-CURRENT LIABILITIES			
Trade payables	20	1,762,492	1,924,541
Other payables and accruals		392,794	494,663
Interest-bearing bank and other borrowings		26,413,378	19,942,934
Deferred tax liabilities		941,083	815,040
Provision		3,343,374	2,917,220
Government grants		197,363	211,007
Derivative financial instruments		38	-
Deferred income		-	14,653
Total non-current liabilities		<u>33,050,522</u>	<u>26,320,058</u>
Net assets		<u>36,423,596</u>	<u>34,973,290</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,225,068	4,225,068
Reserves		31,316,715	29,943,184
		<u>35,541,783</u>	<u>34,168,252</u>
Non-controlling interests		881,813	805,038
Total equity		<u>36,423,596</u>	<u>34,973,290</u>

Wu Gang
Director

Cao Zhigang
Director

XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Attributable to owners of the Company											
	Share capital	Capital reserve	Special reserve	Statutory surplus reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Other equity instruments	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	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
Profit for the year	-	-	-	-	-	-	-	-	3,456,953	3,456,953	34,524	3,491,477
Other comprehensive income/(expenses) for the year:												
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	7,284	-	-	-	-	7,284	-	7,284
Changes in fair value of debt instruments measured at fair value through other comprehensive income, net of tax	-	-	-	-	10,237	-	-	-	-	10,237	(2)	10,235
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(91,139)	-	(91,139)	-	(91,139)
Hedges of net investment in foreign operations	-	-	-	-	-	-	-	123,852	-	123,852	-	123,852
Cost of fair value hedges, net of tax	-	-	-	-	-	-	-	80,639	-	80,639	-	80,639
Share of other comprehensive income of joint ventures and associates	-	94,552	-	-	-	-	-	-	-	94,552	-	94,552
Exchange differences on translation of foreign operations	-	-	-	-	-	(125,295)	-	-	-	(125,295)	2,318	(122,977)
Total comprehensive income/(expenses) for the year	-	94,552	-	-	17,521	(125,295)	-	113,352	3,456,953	3,557,083	36,840	3,593,923
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	128,222	128,222
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	9,908	9,908
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(49,882)	(49,882)
Acquisition of non-controlling interests	-	2,407	-	-	-	-	-	-	-	2,407	(17,300)	(14,893)
Final 2020 dividend declared	-	-	-	-	-	-	-	-	(1,056,267)	(1,056,267)	(31,013)	(1,087,280)
Profit appropriation to reserves	-	-	-	112,591	-	-	-	-	(112,591)	-	-	-
Other changes of an investment in associate	-	(4,055)	-	-	-	-	-	-	-	(4,055)	-	(4,055)
Transfer to special reserve (note (i))	-	-	56,815	-	-	-	-	-	-	56,815	105	56,920
Utilisation of special reserve (note (i))	-	-	(56,815)	-	-	-	-	-	-	(56,815)	(105)	(56,920)
Capital contributions from other equity instruments holders	-	(1,415)	-	-	-	-	1,000,000	-	-	998,585	-	998,585
Redemption of other equity instruments	-	(5,929)	-	-	-	-	(1,993,618)	-	-	(1,999,547)	-	(1,999,547)
Distribution of other equity instruments	-	-	-	-	-	-	-	-	(124,675)	(124,675)	-	(124,675)
At 31 December 2021	4,225,068	12,174,120	-	1,646,282	83,644	(157,981)	1,997,000	16,895	15,556,755	35,541,783	881,813	36,423,596

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 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 income/(expenses) 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 (expenses)/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
Disposal of subsidiaries	-	54,196	-	-	-	-	-	-	-	54,196	(874,730)	(820,534)
Decrease on dissolving of subsidiaries	-	-	-	-	-	-	-	-	-	-	(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 an 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

Note (i): In preparation of these consolidated financial statements, the Xinjiang Goldwind Science & Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2020 and 2021, for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expenses to profit or loss when such expenses were incurred, and at the same time the corresponding amounts of special reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,339,225	3,273,540
Adjustments for:			
Finance costs	8	1,149,116	881,005
Foreign exchange loss, net		(95,223)	18,547
Interest income	5	(410,539)	(327,563)
Share of results of joint ventures		(318,859)	(247,674)
Share of results of associates		10,149	(16,481)
Depreciation of property, plant and equipment and investment properties	6	1,821,142	1,616,476
Depreciation of right-of-use assets	6	145,833	131,337
Amortisation of other intangible assets	6	362,229	211,304
Gain on disposal of items of property, plant and equipment and other intangible assets, net	6	(98)	(10,401)
Gain on disposal of subsidiaries	5	(718,171)	(264,860)
Gain on dissolving of subsidiaries		-	(9,230)
Gain on disposal of investment properties		-	(18,814)
Gain on re-measurement of the remaining equity interests in investees at the date of losing control	5	(64,637)	(775,356)
Gain on disposal of interests in associates and joint ventures, net	5	(815,121)	(217,732)
Gain on disposal of financial assets at fair value through profit or loss	5	(76,539)	(111,911)
Loss on disposal other financial assets	5	31,787	-
Dividend income from other non-current financial assets	5	(13,660)	(30,418)
Dividend income from an financial assets at fair value through profit and loss	5	(15,850)	(8,551)
Dividend income from financial assets at fair value through other comprehensive income	5	(8,732)	(3,006)
Fair value loss, net on financial assets of fair value through profit or loss	5	57,588	119,680
Fair value gain on derivative financial instruments – transactions not qualifying as hedges	5	(124,115)	(129,143)
Impairment of trade and other receivables	6	648,938	145,286
Impairment of financial receivables	6	54,520	4,055
Impairment of contract assets	6	4,185	412
Reversal of impairment of other non-current financial assets	6	(50)	(206)
Impairment of inventories to net realisable value	6	118,557	255,651
Impairment of property, plant and equipment	6	143,192	151,532
Impairment of goodwill	6	175,682	18,110
Impairment of other intangible assets	6	612,511	-
Operating cash flows before working capital changes		7,013,060	4,655,589
Decrease in inventories		982,517	607,736
Decrease in contract assets		293,624	614,226
Increase in trade and bills receivables		(3,252,011)	(5,032,632)
Increase in financial receivables		(1,006,577)	(424,406)
Increase in prepayments, other receivables and other assets		(2,187,495)	(696,187)
Increase in trade and bills payables		3,058,649	5,396,055
Increase/(decrease) in other payables and accruals		289,913	(708,449)
Increase in provision		432,325	1,185,125
Decrease in government grants and deferred income		(13,644)	(3,503)
Cash generated from operations		5,610,361	5,593,554
Income tax paid	9	(847,748)	(308,064)
Interest received		123,895	91,955
Net cash flows from operating activities		4,886,508	5,377,445

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(9,797,546)	(7,578,427)
Additions of right-of-use assets		(73,269)	(24,013)
Additions of other intangible assets		(817,719)	(58,262)
Acquisitions of subsidiaries, net of cash acquired		(508,568)	(352,474)
Increase in advances to equity investment		(227,462)	(369,955)
Acquisitions of interests in joint ventures		(515,000)	(235,732)
Acquisitions of interests in associates		(68,764)	(144,896)
Purchases of equity investments at fair value through other comprehensive income		(28,058)	(8,000)
Purchases of financial assets at fair value through profit or loss		(355,794)	(1,000,000)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		116,681	234,731
Disposals of financial assets at fair value through profit or loss		112,478	748,724
Disposals of subsidiaries, net of cash disposed of		1,515,002	1,753,760
Cash received from disposal of subsidiaries during previous year		-	795,387
Disposals of other non-current financial assets		53,195	156,000
Disposal of equity investment designated at fair value through other comprehensive income		-	29,783
Disposals of shareholding in associates and joint ventures		2,275,586	236,450
Decrease in pledged deposits		-	33,421
Dividend income from financial assets at fair value through profit or loss		15,850	8,551
Dividend received from other non-current financial assets		13,660	30,418
Dividend received from joint ventures and associates		499,353	99,136
Dividend received from equity investments at fair value through other comprehensive income		8,732	3,006
Increase in non-pledged time deposits with original maturity of three months or more when acquired		(2,886)	(10,252)
Loans to joint ventures, associates and third parties		(186,947)	(115,525)
Cash from other investments		98,663	48,915
Net cash flows used in investing activities		(7,872,813)	(5,719,254)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		15,738,126	8,276,693
Repayment of bank and other borrowings		(8,432,364)	(6,021,033)
Interest paid		(1,251,854)	(976,832)
Fees for new bank and other borrowings		(30,984)	(65,432)
Capital contributions from non-controlling shareholders		128,222	56,644
Dividend paid		(1,238,110)	(784,390)
Capital contributions from other equity instruments holders		998,585	997,000
Other cash payment to pre-shareholders		(370,000)	(7,440)
Increase in pledged time deposit		(76,686)	(5,325)
Repayment of other equity instruments		(1,993,618)	-
Net cash flows from financing activities		3,471,317	1,469,885
NET INCREASE IN CASH AND CASH EQUIVALENTS		485,012	1,128,076
Cash and cash equivalents at beginning of year		7,705,323	6,807,417
Effect of foreign exchange rate changes, net		(50,054)	(230,170)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	8,140,281	7,705,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

1. GENERAL INFORMATION

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 Group was involved in the following principal activities:

- Research and development, manufacture and sale of wind turbine generators and spare parts;
- Wind farm construction, post-warranty service and asset management 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 applicable; and
- Development and operation of water treatment plants.

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

2. 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 following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of 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 years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

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 Contracts and the related Amendments ³
Amendments to IFRS 3	Reference to the conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts-Cost of Fulfilling a Contract ²
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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 2021, sale proceeds and related costs included in property, plant and equipment amounted to RMB330,242,000 and RMB40,803,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

3. 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 2021, 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 2021. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS - continued

Basis of consolidation - continued

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 the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

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 spare parts;
- (b) the wind power services segment provides wind power construction, post-warranty service and asset management 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; and
- (d) the others segment mainly engages in the operation of water treatment plants under the service concession arrangements.

Management, being the chief operating decision maker (the “CODM”), 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 prevailing market prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

4. OPERATING SEGMENT INFORMATION - continued

Year ended 31 December 2021

	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	39,932,082	4,082,038	5,327,104	1,074,855	-	50,416,079
Intersegment sales	4,169,175	894,791	18,376	13,969	(5,096,311)	-
Total revenue	44,101,257	4,976,829	5,345,480	1,088,824	(5,096,311)	50,416,079
Segment results	2,583,965	24,840	4,190,998	287,823	(2,009,824)	5,077,802
Interest income	538,046	5,330	87,970	329,599	(550,406)	410,539
Finance costs	(376,682)	(14,323)	(1,066,114)	(222,182)	530,185	(1,149,116)
Profit before tax	2,745,329	15,847	3,212,854	395,240	(2,030,045)	4,339,225
Segment assets	90,250,061	15,536,735	53,124,825	21,944,789	(61,496,218)	119,360,192
Segment liabilities	57,199,559	12,343,814	38,244,940	13,498,297	(38,350,014)	82,936,596
Other segment information:						
Share of results of:						
Joint ventures	252	-	317,729	2,000	(1,122)	318,859
Associates	(13,343)	60	(31,811)	24,790	10,155	(10,149)
Depreciation and amortisation ⁽¹⁾	742,348	226,844	1,379,688	132,297	(120,884)	2,360,293
Impairment of write-down of inventories, net	120,936	(2,379)	-	-	-	118,557
Impairment/(reversal of impairment) of trade and other receivables, net	474,897	35,747	27,718	111,177	(601)	648,938
Impairment/(reversal of impairment) of contract assets, net	-	(100)	-	-	4,285	4,185
Reversal of impairment of other non-current financial assets, net	(50)	-	-	-	-	(50)
Impairment/(reversal of impairment) of financial receivables, net	-	-	-	58,805	(4,285)	54,520
Impairment of property, plant and equipment	-	2,431	140,761	-	-	143,192
Impairment of other intangible asset	552,260	-	43,515	16,736	-	612,511
Impairment of goodwill	175,682	-	-	-	-	175,682
Product warranty provision	2,678,036	-	-	-	-	2,678,036
Interests in joint ventures	3,558	-	4,529,840	20,406	-	4,553,804
Interests in associates	314,797	10,244	461,557	562,375	-	1,348,973
Capital expenditure ⁽²⁾	1,700,024	292,431	9,265,730	1,765,867	(1,194,477)	11,829,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

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						
Interest income	1,293,302	(787,102)	2,713,922	630,705	(23,845)	3,826,982
Finance costs	487,876	6,829	103,002	240,764	(510,908)	327,563
Profit before tax	(212,189)	(103)	(931,677)	(171,896)	434,860	(881,005)
	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 results 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
Interests in joint ventures	3,319	-	4,605,806	260,221	(62,037)	4,807,309
Interests 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

⁽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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

4. OPERATING SEGMENT INFORMATION - continued

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
China	44,355,755	51,551,335
Overseas	6,060,324	4,594,492
	<u>50,416,079</u>	<u>56,145,827</u>

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

(b) Non-current assets

	As at 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
China	51,291,093	43,718,712
United States of America	98,800	111,585
Australia	4,383,601	4,437,087
Argentina	3,598,488	4,048,846
Germany	224,033	398,168
Other countries	11,811	10,063
	<u>59,607,826</u>	<u>52,724,461</u>

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

For the year ended 31 December 2021, revenue of approximately RMB6,005,200,000 was derived from sales by wind turbine generator manufacturing and sale and wind power services segment to a single customer, including sales to a group of entities which are known to be under the control with that customer, which individually accounted for over 10% of the Group's total revenue.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>	50,092,218	55,837,250
<i>Revenue from other sources</i>		
Finance lease service	323,861	308,577
	<u>50,416,079</u>	<u>56,145,827</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

<u>Segments</u>	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Wind turbine generator manufacturing and sale	39,932,082	-	-	-	39,932,082
Wind farm development	-	-	5,327,104	-	5,327,104
Wind power services	-	3,758,177	-	-	3,758,177
Others	-	-	-	1,074,855	1,074,855
Total revenue from contracts with customers	<u>39,932,082</u>	<u>3,758,177</u>	<u>5,327,104</u>	<u>1,074,855</u>	<u>50,092,218</u>
Geographical markets					
China	35,168,437	3,234,274	4,554,328	1,074,855	44,031,894
Other countries	4,763,645	523,903	772,776	-	6,060,324
Total revenue from contracts with customers	<u>39,932,082</u>	<u>3,758,177</u>	<u>5,327,104</u>	<u>1,074,855</u>	<u>50,092,218</u>
Timing of revenue recognition					
Goods transferred at a point in time	39,932,082	-	5,327,104	507,737	45,766,923
Services transferred over time	-	3,758,177	-	567,118	4,325,295
Total revenue from contracts with customers	<u>39,932,082</u>	<u>3,758,177</u>	<u>5,327,104</u>	<u>1,074,855</u>	<u>50,092,218</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

5. REVENUE, OTHER INCOME AND GAINS - continued

Revenue from contracts with customers - continued

(i) Disaggregated revenue information - continued

For the year ended 31 December 2020

<u>Segments</u>	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Type of goods or services					
Wind turbine generator manufacturing and sale	46,658,568	-	-	-	46,658,568
Wind farm development	-	-	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	<u>46,658,568</u>	<u>4,433,703</u>	<u>4,018,720</u>	<u>726,259</u>	<u>55,837,250</u>
Geographical markets					
China	44,214,710	2,600,152	3,701,637	726,259	51,242,758
Other countries	2,443,858	1,833,551	317,083	-	4,594,492
Total revenue from contracts with customers	<u>46,658,568</u>	<u>4,433,703</u>	<u>4,018,720</u>	<u>726,259</u>	<u>55,837,250</u>
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	<u>46,658,568</u>	<u>4,433,703</u>	<u>4,018,720</u>	<u>726,259</u>	<u>55,837,250</u>

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 2021

<u>Segments</u>	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers	<u>44,101,257</u>	<u>4,652,968</u>	<u>5,345,480</u>	<u>1,088,824</u>	<u>55,188,529</u>
External customers	39,932,082	3,758,177	5,327,104	1,074,855	50,092,218
Intersegment sales	<u>4,169,175</u>	<u>894,791</u>	<u>18,376</u>	<u>13,969</u>	<u>5,096,311</u>
Intersegment adjustments and eliminations	<u>(4,169,175)</u>	<u>(894,791)</u>	<u>(18,376)</u>	<u>(13,969)</u>	<u>(5,096,311)</u>
Total revenue from contracts with customers	<u>39,932,082</u>	<u>3,758,177</u>	<u>5,327,104</u>	<u>1,074,855</u>	<u>50,092,218</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

5. REVENUE, OTHER INCOME AND GAINS - continued

Revenue from contracts with customers - continued

(i) Disaggregated revenue information - continued

For the year ended 31 December 2020

<u>Segments</u>	Wind turbine generator manufacturing and sale RMB'000	Wind power services RMB'000	Wind farm development RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers	51,889,985	5,618,132	4,019,097	953,669	62,480,883
External customers	46,658,568	4,433,703	4,018,720	726,259	55,837,250
Intersegment sales	5,231,417	1,184,429	377	227,410	6,643,633
Intersegment adjustments and eliminations	(5,231,417)	(1,184,429)	(377)	(227,410)	(6,643,633)
Total revenue from contracts with customers	46,658,568	4,433,703	4,018,720	726,259	55,837,250

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 2021 RMB'000	Year ended 31 December 2020 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Wind turbine generator manufacturing and sale	5,624,972	4,431,989
Construction services	684,198	306,350
Others	16,936	88,489
	<u>6,326,106</u>	<u>4,826,828</u>

(ii) Performance obligations

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

Sale of wind turbine generators and spare parts

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

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 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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

5. REVENUE, OTHER INCOME AND GAINS - continued

<u>Other income and gains</u>	<u>Note</u>	<u>Year ended 31 December</u>	
		<u>2021</u> RMB'000	<u>2020</u> RMB'000
Interest income		410,539	327,563
Dividend income from equity investments at fair value through other comprehensive income		8,732	3,006
Dividend income from other non-current financial assets		13,660	30,418
Dividend income from financial assets at fair value through profit and loss		15,850	8,551
Gross rental income from investment properties and equipment		54,147	14,728
Government grants		275,032	142,233
Value-added tax ("VAT") refund		143,452	87,519
Provision of technical service		34,169	10,009
Loss on disposal of financial assets measured at amortised cost	(i)	(31,787)	-
Gain/(loss) on disposal of subsidiaries:			
Gain on disposal of interests in subsidiaries		718,171	463,945
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		64,637	775,356
Gain on disposal of financial assets at fair value through profit or loss		76,539	111,911
Gain on disposal of items of property, plant and equipment and other intangible assets		630	16,707
Gain on disposal of investment properties		-	18,814
Gain on disposal of associates and joint ventures, net		815,121	217,732
Fair value gains/(losses), net:			
Derivative financial instruments – transactions not qualifying as hedges		124,115	129,143
Financial assets at fair value through profit or loss		(57,588)	(119,680)
Others		118,676	108,369
		<u>2,784,095</u>	<u>2,147,239</u>

Note(i): During the year of 2021, the Group carried out CDB Securities-Goldwind Accounts Receivable Phase 1 Green Asset-backed Securities (ABS) to securitise the trade receivables generated from sale of wind turbine generators. The difference of RMB31,787,000 between transferred trade receivables and cash received has been charged to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Cost of inventories sold		32,978,060	40,192,017
Cost of services provided		3,590,631	4,555,300
Cost of wind power generation		1,748,658	1,304,340
Cost of others		911,673	446,683
		<u>39,229,022</u>	<u>46,498,340</u>
Depreciation of property, plant and equipment	12	1,820,865	1,615,683
Depreciation of investment properties		277	793
Depreciation of right-of-use assets		145,833	131,337
Amortisation of other intangible assets	14	362,229	211,304
		<u>2,329,204</u>	<u>1,959,117</u>
Impairment of trade receivables	15	626,218	204,962
Reversal of impairment of trade receivables	15	(73,679)	(142,891)
		<u>552,539</u>	<u>62,071</u>
Impairment of other receivables	17	99,930	98,528
Reversal of impairment of other receivables	17	(3,531)	(15,313)
		<u>96,399</u>	<u>83,215</u>
Impairment of contract assets	18	5,001	3,886
Reversal of impairment of contract assets	18	(816)	(3,474)
		<u>4,185</u>	<u>412</u>
Impairment of other non-current financial assets		-	-
Reversal of impairment of other non-current financial assets		(50)	(206)
		<u>(50)</u>	<u>(206)</u>
Impairment of financial receivables	16	64,944	12,466
Reversal of impairment of financial receivables	16	(10,424)	(8,411)
		<u>54,520</u>	<u>4,055</u>
Impairment of write-down of inventories		126,115	255,651
Reversal of impairment of write-down of inventories		(7,558)	-
		<u>118,557</u>	<u>255,651</u>
Impairment of property, plant and equipment	12	143,192	151,532
Impairment of other intangible assets	14	612,511	-
Impairment of goodwill	13	175,682	18,110
Gain on disposal of items of property, plant and equipment and other intangible assets, net		(98)	(10,401)
Lease payments not included in the measurement of lease liabilities		138,674	206,232

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

6. PROFIT BEFORE TAX - continued

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

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Auditors' remuneration		11,450	11,158
Employee benefit expenses (including Directors' and supervisors' remuneration):			
Wages and salaries		2,127,711	1,862,100
Pension scheme contributions	(i)	251,506	144,615
Welfare and other expenses		410,257	359,043
		<u>2,789,474</u>	<u>2,365,758</u>
Research and development costs:			
Staff costs		704,293	615,366
Amortisation and depreciation		158,935	134,778
Materials expenditure and others		720,292	727,959
		<u>1,583,520</u>	<u>1,478,103</u>
Product warranty provision:			
Additional provision		3,397,580	2,672,606
Reversal of unutilised provision		(719,544)	(451,641)
		<u>2,678,036</u>	<u>2,220,965</u>
Delayed operation expenses	(ii)	(161,303)	382,313

- (i) During the year, there was no forfeited contributions made by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions may be used by the Group, as the employer, to reduce existing level of contributions (2020: Nil).
- (ii) During the year of 2020, 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. During the year of 2021, the delayed operation expenses was reduced by RMB161,303,000 after negotiation with the local power grid companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

7. OTHER EXPENSES

	Year ended 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Rental cost	8,072	2,639
Bank charges	151,384	128,276
Asset impairment provision	931,385	169,642
Foreign exchange loss, net	191,422	254,154
Loss on disposal of non-current assets	532	789
Penalty expenses	28,463	5,501
Loss on damage and retirement of non-current assets	-	832
Public welfare donations	9,755	6,067
Other	59,341	50,301
	<u>1,380,354</u>	<u>618,201</u>

8. FINANCE COSTS

	Year ended 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Interest on bank loans and other borrowings	1,229,841	966,495
Interest on lease liabilities	79,491	79,997
Less: Interest capitalised	(160,216)	(165,487)
	<u>1,149,116</u>	<u>881,005</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

9. INCOME TAX EXPENSE

The Company and nine subsidiaries of the Company (2020: the Company and eight 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 year ended 31 December 2021 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%. The part of the annual taxable income of small micro-profit enterprises does not exceed RMB1 million, in addition to the original provisions of the preferential policies, and then reduce the corporate income tax by half. The preferential period is from 1 January, 2021 to 31 December, 2022.

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% (2020: 10% to 30%).

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

9. INCOME TAX EXPENSE - continued

	Year ended 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Current		
- China	1,303,071	814,178
- Elsewhere	17,250	25,405
	1,320,321	839,583
Deferred	(472,573)	(531,519)
Tax expense for the year	847,748	308,064

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	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Profit before tax	4,339,225	3,273,540
Tax at the statutory tax rate of 25%	1,084,806	818,385
Effect of different income tax rates for overseas entities	(23,676)	15,023
Effect of the preferential income tax rates for domestic entities	(337,452)	(441,901)
Effect of income tax rate change	3,018	16,531
Tax effect on unrecognised tax losses and temporary differences	220,912	168,032
Utilisation of previously unrecognised tax losses and temporary differences	(35,298)	(39,099)
Income not subject to tax	(3,437)	(2,889)
Expenses not deductible for tax	28,688	29,604
Additional tax deduction for research and development expenditure	(90,665)	(95,637)
Profits attributable to joint ventures	(79,715)	(61,919)
Profits attributable to associates	2,537	(4,120)
Tax impact on re-measurement of the remaining equity interests in investees at the date of losing control	(16,159)	(193,839)
Others	94,189	99,893
Tax expense for the year at the effective rate of 19.5% (2020: 9.4%)	847,748	308,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

10. DIVIDENDS

For the year ended 31 December 2021, 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 final cash dividends of RMB2.5 (tax included) per each 10 shares, which amounted to RMB1,056,267,000 of cash dividends for the year ended 31 December 2020, were approved by the Company's shareholders on 28 June 2021.

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 2021 and 2020.

The calculation of basic earnings per share is based on:

	Year ended 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	3,456,953	2,963,514
Less: Distribution relating to the medium-term notes (i)	<u>(124,675)</u>	<u>(119,044)</u>
Profit used to determine basic earnings per share	<u>3,332,278</u>	<u>2,844,470</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,225,068</u>	<u>4,225,068</u>
Basic earnings per share (expressed in RMB per share)	<u>0.79</u>	<u>0.67</u>

- (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 2021 and 2020, was deducted from earnings when calculating the earnings per share for the years ended 31 December 2021 and 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

12. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 December 2021					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2021	1,532,935	23,530,617	91,517	689,870	12,979,323	38,824,262
Additions	198,042	443,659	7,990	49,472	8,849,060	9,548,223
Disposals	(43,302)	(417,828)	(12,137)	(48,047)	(26,660)	(547,974)
Acquisition of subsidiaries	-	764	154	25	31,320	32,263
Disposals of subsidiaries	(318,338)	(2,945,805)	(306)	(4,004)	(43,722)	(3,312,175)
Decrease on dissolving of subsidiaries	-	(678)	-	(160)	(15,014)	(15,852)
Transfers	613,705	8,996,628	-	961	(9,611,294)	-
Transfer from right-of-use assets	31,448	-	-	-	-	31,448
Transfer to assets of disposal groups classified as held for sale	(111,579)	(1,004,269)	-	(1,006)	-	(1,116,854)
Exchange realignment	(14,991)	(97,378)	(2,490)	(14,487)	(303,226)	(432,572)
At 31 December 2021	<u>1,887,920</u>	<u>28,505,710</u>	<u>84,728</u>	<u>672,624</u>	<u>11,859,787</u>	<u>43,010,769</u>
Accumulated depreciation and impairment:						
At 1 January 2021	(288,918)	(4,578,315)	(50,790)	(405,291)	(120,513)	(5,443,827)
Depreciation provided during the year (note 6)	(195,615)	(1,551,957)	(10,959)	(62,334)	-	(1,820,865)
Disposals	1,931	137,745	8,387	37,865	-	185,928
Disposals of subsidiaries	84,104	756,939	206	3,279	-	844,528
Decrease on dissolving of subsidiaries	-	588	-	66	11,789	12,443
Transfer from right-of-use assets	(1,438)	-	-	-	-	(1,438)
Transfer to assets of disposal groups classified as held for sale	35,019	254,644	-	515	-	290,178
Impairment (note 6)	(2,431)	(106,878)	-	-	(33,883)	(143,192)
Exchange realignment	2,332	12,719	1,334	6,875	-	23,260
At 31 December 2021	<u>(365,016)</u>	<u>(5,074,515)</u>	<u>(51,822)</u>	<u>(419,025)</u>	<u>(142,607)</u>	<u>(6,052,985)</u>
Net carrying amount:						
At 31 December 2021	<u>1,522,904</u>	<u>23,431,195</u>	<u>32,906</u>	<u>253,599</u>	<u>11,717,180</u>	<u>36,957,784</u>
At 1 January 2021	<u>1,244,017</u>	<u>18,952,302</u>	<u>40,727</u>	<u>284,579</u>	<u>12,858,810</u>	<u>33,380,435</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

12. PROPERTY, PLANT AND EQUIPMENT - continued

	Year ended 31 December 2020					
	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2020	1,334,764	21,699,657	114,417	677,728	9,655,626	33,482,192
Additions	46,083	811,529	4,606	41,839	7,218,782	8,122,839
Disposals	(13,305)	(196,419)	(28,435)	(37,329)	-	(275,488)
Acquisition of subsidiaries	-	277,657	402	451	296,443	574,953
Disposals of subsidiaries	-	(2,187,579)	-	-	(2,025)	(2,189,604)
Transfers	162,130	3,651,523	-	2,175	(3,815,828)	-
Transfer to right-of-use assets	-	-	-	-	(320,925)	(320,925)
Unrealised gains realised for the year	-	(104,755)	-	-	-	(104,755)
Exchange realignment	3,263	(420,996)	527	5,006	(52,750)	(464,950)
At 31 December 2020	<u>1,532,935</u>	<u>23,530,617</u>	<u>91,517</u>	<u>689,870</u>	<u>12,979,323</u>	<u>38,824,262</u>
Accumulated depreciation and impairment:						
At 1 January 2020	(237,897)	(3,776,447)	(58,056)	(357,180)	(42,240)	(4,471,820)
Depreciation provided during the year (note 6)	(55,369)	(1,473,072)	(7,605)	(79,637)	-	(1,615,683)
Disposals	4,706	61,680	14,840	31,824	-	113,050
Disposals of subsidiaries	-	331,275	-	-	-	331,275
Depreciation from unrealised gains	-	92,387	-	-	-	92,387
Impairment (note 6)	-	(73,259)	-	-	(78,273)	(151,532)
Exchange realignment	(358)	259,121	31	(298)	-	258,496
At 31 December 2020	<u>(288,918)</u>	<u>(4,578,315)</u>	<u>(50,790)</u>	<u>(405,291)</u>	<u>(120,513)</u>	<u>(5,443,827)</u>
Net carrying amount:						
At 31 December 2020	<u>1,244,017</u>	<u>18,952,302</u>	<u>40,727</u>	<u>284,579</u>	<u>12,858,810</u>	<u>33,380,435</u>
At 1 January 2020	<u>1,096,867</u>	<u>17,923,210</u>	<u>56,361</u>	<u>320,548</u>	<u>9,613,386</u>	<u>29,010,372</u>

The net carrying amount of construction in progress of the Group included capitalised interest of RMB159,972,000 (2020: RMB165,487,000) charged for the year 2021 prior to being transferred to buildings, machinery, vehicles and electronic equipment.

As at 31 December 2021, certain of the Group's property, plant and equipment, with a net carrying amount of RMB15,937,983,000 (31 December 2020: RMB12,920,742,000), were pledged to secure certain of the Group's bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

13. GOODWILL

	Note	Year ended 31 December	
		<u>2021</u>	<u>2020</u>
		RMB'000	RMB'000
Cost and net carrying amount at beginning of year		354,785	470,160
Disposal of subsidiaries		-	(103,488)
Decrease on dissolving of subsidiaries		-	(7,647)
Impairment of goodwill	6	(175,682)	(18,110)
Exchange realignment		(15,838)	13,870
Cost and net carrying amount at end of year		<u>163,265</u>	<u>354,785</u>

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

	Note	Year ended 31 December	
		<u>2021</u>	<u>2020</u>
		RMB'000	RMB'000
At beginning of year		30,903	20,577
Impairment losses recognised	6	175,682	18,110
Decrease on dissolving of subsidiaries		-	(7,647)
Exchange realignment		(12,530)	(137)
At end of year		<u>194,055</u>	<u>30,903</u>

Impairment testing of goodwill

For the purposes of impairment testing, goodwill have been allocated to individual cash-generating units, comprising Vensys Energy AG and several subsidiaries engaged in wind farm development.

The recoverable amount of Vensys Energy AG has been determined based on a value in use calculation using cash flow projections based on a financial budget covering a three-year period approved by senior management. The discount rate applied to the cash flow projections is 14.33% (2020: 14.50%). The growth rate used to extrapolate the cash flow of Vensys Energy AG beyond the three-year period is 2% (2020: 2%). Based on the result of the impairment testing of goodwill, the Group recognize impairment losses of RMB175,682,000 (2020: RMB18,110,000) this year.

The recoverable amount of subsidiaries engaged in wind farm development have been determined based on a value in use calculation using cash flow projections based on installed capacity of wind farms and applicable tariff rates. The discount rates applied to the cash flow projections are from 9.63% to 20.17% (2020: 9.75% to 16.82%). Based on the result of the impairment testing of goodwill, the Group did not recognize impairment losses for this year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

13. **GOODWILL** - continued

Impairment testing of goodwill - continued

Assumptions were used in the value in use calculation of relevant units as at 31 December 2021 and 2020. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

- Budgeted gross margins - The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year and expected market development.
- Discount rates - The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and the discount rates are consistent with the Group's historical experience and external information sources.

14. **OTHER INTANGIBLE ASSETS**

	Year ended 31 December 2021						
	Technology licences RMB'000	Office software RMB'000	Patents and technology know-how RMB'000 Note (ii)	Development costs RMB'000 Note (iii)	Water treatment operating concession RMB'000 Note (i)(ii)	Wind farm development and operating permit RMB'000 Note (ii)	Total RMB'000
Cost:							
At 1 January 2021	19,023	418,144	1,441,523	678,524	2,112,306	782,433	5,451,953
Additions	-	41,126	10,502	653,922	185,438	-	890,988
Acquisition of subsidiaries	-	-	-	-	1,095,297	61,200	1,156,497
Disposals	-	(16,365)	-	-	-	-	(16,365)
Disposals of subsidiaries	-	(1,873)	-	-	-	(71,208)	(73,081)
Transfer	-	23,899	237,669	(261,568)	-	-	-
Transfer from financial receivables	-	-	-	-	447,071	-	447,071
Exchange realignment	-	(1,267)	(22,429)	-	-	(13,805)	(37,501)
At 31 December 2021	19,023	463,664	1,667,265	1,070,878	3,840,112	758,620	7,819,562
Accumulated amortisation and impairment:							
At 1 January 2021	(19,023)	(166,161)	(432,527)	-	(340,150)	(120,048)	(1,077,909)
Amortisation provided during the year (note 6)	-	(58,898)	(140,149)	-	(133,990)	(29,192)	(362,229)
Impairment (note 6)	-	-	(227,512)	(324,748)	(16,736)	(43,515)	(612,511)
Disposals	-	14,938	-	-	-	-	14,938
Disposals of subsidiaries	-	308	-	-	-	1,918	2,226
Exchange realignment	-	1,061	22,407	-	-	2,545	26,013
At 31 December 2021	(19,023)	(208,752)	(777,781)	(324,748)	(490,876)	(188,292)	(2,009,472)
Net carrying amount:							
At 31 December 2021	-	254,912	889,484	746,130	3,349,236	570,328	5,810,090
At 1 January 2021	-	251,983	1,008,996	678,524	1,772,156	662,385	4,374,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

14. OTHER INTANGIBLE ASSETS - continued

	Year ended 31 December 2020						
	Technology licences RMB'000	Office software RMB'000	Patents and technology know-how RMB'000	Development costs RMB'000	Water treatment operating concession RMB'000 Note (i)	Wind farm development and operating permit RMB'000	Total RMB'000
Cost:							
At 1 January 2020	19,023	350,477	838,062	645,139	2,063,987	680,356	4,597,044
Additions	-	37,506	913	792,839	3,752	16,092	851,102
Acquisition of subsidiaries	-	-	12,399	-	41,104	164,905	218,408
Disposals	-	(11,845)	(61,153)	-	-	-	(72,998)
Disposals of subsidiaries	-	-	-	-	-	(42,907)	(42,907)
Transfer	-	42,801	716,653	(759,454)	-	-	-
Exchange realignment	-	(795)	(65,351)	-	3,463	(36,013)	(98,696)
At 31 December 2020	19,023	418,144	1,441,523	678,524	2,112,306	782,433	5,451,953
Accumulated amortisation and impairment:							
At 1 January 2020	(19,023)	(116,092)	(421,029)	-	(256,046)	(122,893)	(935,083)
Amortisation provided during the year (note 6)	-	(52,857)	(65,387)	-	(83,900)	(9,160)	(211,304)
Disposals	-	2,068	12,813	-	-	-	14,881
Disposals of subsidiaries	-	-	-	-	-	3,933	3,933
Exchange realignment	-	720	41,076	-	(204)	8,072	49,664
At 31 December 2020	(19,023)	(166,161)	(432,527)	-	(340,150)	(120,048)	(1,077,909)
Net carrying amount:							
At 31 December 2020	-	251,983	1,008,996	678,524	1,772,156	662,385	4,374,044
At 1 January 2020	-	234,385	417,033	645,139	1,807,941	557,463	3,661,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

Note (i): The arrangements involve the Group as an operator operating and maintaining the infrastructure (a water treatment plant) at a specified level of serviceability for a period of 20 to 35 years (the "service concession period") and transferring the infrastructure with nil consideration at the end of the service concession period.

Note (ii): The management of the Group concluded there was indication for impairment and conducted impairment assessment on certain intangible assets with finite useful lives with carrying amounts of RMB367,679,000. The recoverable amounts of these assets are estimated on an individual basis.

The recoverable amounts of certain intangible assets with finite useful lives have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of RMB79,916,000, after deducting an impairment loss of RMB287,763,000 and has been charged to profit or loss within the relevant segment to which these assets relate during the year.

Note (iii): The recoverable amounts of certain development cost have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of Nil, which is their carrying value at year end and the impairment loss of RMB324,748,000 has been charged to profit or loss within the relevant segment to which these assets relate during the year.

As at 31 December 2021, certain of the Group's other intangible assets, with a net carrying amount of RMB154,750,000 (2020: Nil), were pledged to secure certain of the Group's bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued**15. TRADE AND BILLS RECEIVABLES**

	As at 31 December	
	<u>2021</u> RMB'000	<u>2020</u> RMB'000
Trade receivables	25,350,870	22,056,522
Bills receivable	2,315,501	2,161,393
	<u>27,666,371</u>	<u>24,217,915</u>
Provision for impairment	(1,765,515)	(1,241,009)
	<u>25,900,856</u>	<u>22,976,906</u>

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

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 2021 amounting to RMB2,315,501,000 (31 December 2020: RMB2,161,393,000) as debt instruments measured at fair value through other comprehensive income, but still listed as trade and bills receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

15. 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	
	<u>2021</u> RMB'000	<u>2020</u> RMB'000
Within 3 months	6,775,564	9,480,752
3 to 6 months	4,990,821	4,268,961
6 months to 1 year	5,741,007	3,674,685
1 to 2 years	6,918,000	4,096,594
2 to 3 years	839,827	985,538
Over 3 years	635,637	470,376
	<u>25,900,856</u>	<u>22,976,906</u>

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

	<u>Note</u>	Year ended 31 December	
		<u>2021</u> RMB'000	<u>2020</u> RMB'000
At beginning of year		1,241,009	1,192,071
Impairment losses recognised	6	626,218	204,962
Impairment losses reversed	6	(73,679)	(142,891)
Amounts written off as uncollectible		-	(7,417)
Exchange realignment		(28,033)	(5,716)
At end of year		<u>1,765,515</u>	<u>1,241,009</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

15. TRADE AND BILLS RECEIVABLES - continued

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

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

	As at 31 December 2021		
	<u>ECL rate</u>	Gross carrying <u>Amount</u> RMB'000	<u>ECL</u> RMB'000
Individually impaired	88.39%	1,435,292	1,268,596
Collectively impaired			
Within 6 months	0.15%	12,158,699	17,644
6 months to 1 year	1.14%	3,109,518	35,340
1 to 2 years	2.58%	7,079,731	182,574
2 to 3 years	6.06%	723,367	43,815
Over 3 years	25.77%	844,263	217,546
	2.08%	23,915,578	496,919
Total	6.96%	25,350,870	1,765,515

	As at 31 December 2020		
	<u>ECL rate</u>	Gross carrying <u>Amount</u> RMB'000	<u>ECL</u> 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

15. 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	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Beneficial shareholders of the Company	1,724,223	966,186
Joint ventures	114,863	56,787
Associates	460,868	14,812
	<u>2,299,954</u>	<u>1,037,785</u>

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

As at 31 December 2021, the Group's trade and bills receivables amounting to RMB5,230,445,000 (31 December 2020: RMB5,279,281,000) were pledged to secure certain of the Group's interest-bearing bank and other borrowings.

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

16. FINANCIAL RECEIVABLES

	As at 31 December	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Receivables for service concession agreements	4,531,312	3,689,072
Receivables for finance lease services	4,323,493	4,102,350
Accrued VAT on finance lease receivables	257,701	414,928
Loans to joint ventures	266,675	166,254
Provision for impairment	(80,461)	(24,874)
	<u>9,298,720</u>	<u>8,347,730</u>
Portion classified as non-current assets	(8,890,041)	(7,997,292)
Current portion	<u>408,679</u>	<u>350,438</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

16. FINANCIAL RECEIVABLES - continued

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

Receivables for finance lease services arose from finance lease contracts to lease equipment to customers.

The movements in the loss allowance for impairment of financial receivables based on a lifetime ECL are as follows:

	Note	Year ended 31 December	
		<u>2021</u>	<u>2020</u>
		RMB'000	RMB'000
At beginning of year		24,874	20,845
Impairment losses recognised	6	64,944	12,466
Impairment losses reversed	6	(10,424)	(8,411)
Exchange realignment		1,067	(26)
At end of year		<u>80,461</u>	<u>24,874</u>

As at 31 December 2021, the Group's financial receivables amounting to RMB1,781,878,000 (31 December 2020: RMB1,807,793,000) were pledged to secure certain of the Group's bank loans.

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	As at 31 December	
		<u>2021</u>	<u>2020</u>
		RMB'000	RMB'000
Advances to suppliers		2,142,181	1,723,314
Prepayments		784,819	684,900
Deductible VAT		3,111,193	2,772,234
Deposits and other receivables		<u>2,120,812</u>	<u>2,009,385</u>
		8,159,005	7,189,833
Impairment allowance		<u>(246,873)</u>	<u>(188,657)</u>
		7,912,132	7,001,176
Portion classified as non-current assets	(i)	<u>(3,380,188)</u>	<u>(2,536,275)</u>
Current portion		<u>4,531,944</u>	<u>4,464,901</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS - continued

Note:

- (i) The non-current portion of deposits and other receivables mainly represented advances to suppliers and deductible input VAT at 31 December 2021 and 2020.

Movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	Note	Year ended 31 December	
		<u>2021</u> RMB'000	<u>2020</u> RMB'000
At beginning of year		188,657	108,615
Impairment losses recognised	6	99,930	98,528
Impairment losses reversed	6	(3,531)	(15,313)
Amounts written off as uncollectible		(33,721)	-
Exchange realignment		(4,462)	(3,173)
At end of year		<u>246,873</u>	<u>188,657</u>

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

	As at 31 December	
	<u>2021</u> RMB'000	<u>2020</u> RMB'000
Beneficial shareholders of the Company	413	-
Joint ventures	258,962	281,329
Associates	23,847	55,594
	<u>283,222</u>	<u>336,923</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

18. CONTRACT ASSETS

	Notes	As at 31 December	
		<u>2021</u> RMB'000	<u>2020</u> RMB'000
Contract assets arising from:			
Retention receivables on the sale of wind turbines	(i)	2,881,851	3,448,783
Construction services	(ii)	1,282,923	1,012,525
Services concession arrangement		332,916	330,006
		4,497,690	4,791,314
Impairment		(10,951)	(7,753)
		4,486,739	4,783,561
Portion classified as non-current assets		(3,003,533)	(3,381,528)
Current portion		1,483,206	1,402,033

Notes:

- (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	
	<u>2021</u> RMB'000	<u>2020</u> RMB'000
Within one year	1,483,206	1,402,033
After one year	3,003,533	3,381,528
Total contract assets	4,486,739	4,783,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

18. CONTRACT ASSETS - continued

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

	Note	Year ended 31 December	
		<u>2021</u> RMB'000	<u>2020</u> RMB'000
At beginning of year		7,753	8,040
Impairment losses recognised	6	5,001	3,886
Impairment losses reversed	6	(816)	(3,474)
Exchange realignment		(987)	(699)
At end of year		<u>10,951</u>	<u>7,753</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates for the measurement of the ECL 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 credit risk 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:

	As at 31 December <u>2021</u>	As at 31 December <u>2020</u>
ECL rate	0.24%	0.16%
	RMB'000	RMB'000
Gross carrying amount	4,497,690	4,791,314
ECL	10,951	7,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Cash and bank balances	8,544,310	8,238,497
Time deposits	142,687	143,407
	<u>8,686,997</u>	<u>8,381,904</u>
Less: Pledged for:		
- Bank loans, letters of credit, bills issued and others	(141,509)	(67,860)
- Provision for risk and mandatory reserve deposits	(404,192)	(604,820)
	<u>(545,701)</u>	<u>(672,680)</u>
Cash and cash equivalents in the consolidated statement of financial position	8,141,296	7,709,224
Less: Non-pledged deposits with original maturity of more than three months when acquired	(1,015)	(3,901)
Cash and cash equivalents in the consolidated statement of cash flows	<u>8,140,281</u>	<u>7,705,323</u>
Pledged deposits	545,701	672,680
Portion classified as non-current assets	(109,707)	(108,026)
Current portion	<u>435,994</u>	<u>564,654</u>
Cash and cash equivalents and pledged deposits denominated in:		
- RMB	7,284,310	7,509,931
- Australian dollar	265,916	100,127
- United States dollar	491,224	269,174
- Euro	290,979	349,939
- Hong Kong dollar	1,678	12,038
- Argentine peso	256,418	1,846
- Other currencies	96,472	138,849
	<u>8,686,997</u>	<u>8,381,904</u>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

20. TRADE AND BILLS PAYABLES

	As at 31 December	
	<u>2021</u> RMB'000	<u>2020</u> RMB'000
Trade payables	22,343,639	18,743,809
Bills payable(i)	11,294,899	11,790,771
	<u>33,638,538</u>	<u>30,534,580</u>
Portion classified as non-current liabilities (ii)	(1,762,492)	(1,924,541)
Current portion	<u>31,876,046</u>	<u>28,610,039</u>

- (i) These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognize these trade payables as the relevant banks are obliged to make payments only on the due date of the bills, under the same conditions as agreed with the suppliers without further extension.
- (ii) The non-current portion of trade payables mainly represented retention amounts held by the Group as at 31 December 2021 and 2020.

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	
	<u>2021</u> RMB'000	<u>2020</u> RMB'000
Within 3 months	19,216,460	15,734,244
3 to 6 months	6,487,290	8,001,180
6 months to 1 year	3,070,651	2,884,827
1 to 2 years	3,008,697	1,592,466
2 to 3 years	595,687	1,127,959
Over 3 years	1,259,753	1,193,904
	<u>33,638,538</u>	<u>30,534,580</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 - continued

20. 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	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Beneficial shareholders of the Company	-	227
Joint ventures	25,906	5,823
Associates	587,308	159,394
	<u>613,214</u>	<u>165,444</u>

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

Management Discussion and Analysis

OVERVIEW

In 2021, with the persistence of influencing factors such as the mutation of COVID and the inflation, the global economy had recovered but was still facing many difficulties. The latest World Economic Outlook released by International Monetary Fund (IMF), forecasted that the growth rate of global economy was 5.9% in 2021 including 5.0% of developed economies and 6.5% of developing economies.

Facing with tests such as complicated international environment and domestic COVID, China has achieved sustained national economic recovery through scientific coordination between economic and social development and epidemic prevention and control. According to the data provided by National Bureau of Statistics, GDP recorded RMB114,367 billion, up by 8.1% YoY. In the context of fragile recovery of the global economy, the China economy has managed to maintain sound growth.

According to the data issued by National Energy Administration (NEA), the electricity consumption of the whole society was 8,312.8 billion kWh in 2021, representing an increase of 10.3% YoY. As at the end of December, the accumulated installed power generation capacity of China was about 2.38 billion kW, representing a 7.9% YoY increase. Among which, the accumulated installed capacity of wind power was about 330 GW, representing a 16.6% YoY increase.

In 2021, the onshore wind power in China experienced rush-to-installation and subsequently entered the first year of grid parity. According to the data issued by NEA, the newly grid-connected installation was 47.57 GW, including 30.67GW of onshore wind power and 16.90GW of offshore wind power.

I. MAIN POLICIES REVIEW

2021 marks the start of China's 14th Five-Year Plan of wind power industry. In order to promote the quality development of renewable energy and wind power industry, the policies were persistent on achieving Carbon Peak and Carbon Neutrality goals, strengthening the top-level design of the industry, accelerating the construction of large wind power and solar power bases and other significant projects, and trying to promote the high-quality development of renewable energy. Several ministries and commissions, including the National Development and Reform Commission (NDRC) and the National Energy Administration (NEA), have issued a number of course of actions and measures for crucial fields and industries' policies, establishing the direction and strategic target of transforming wind and solar power to mainstream energy, enhancing power trading and reformation of tariff, guaranteeing the sufficient consumption of renewable energy, and providing guarantee to align with the rapid development of renewable energy. Meanwhile, according to the wind power industry, a number of implementation policies were introduced from the aspects of the development and construction, installation and grid connection, operation, and market, to ensure the smooth transition and high-quality development of the energy transformation.

1. Under the guidance of Carbon Peak and Carbon Neutrality goals, the direction and strategic target of transforming wind and solar power to mainstream energy has been established

On 11 May 2021, the NEA issued the Notice on the Development and Construction of Wind and Photovoltaic Power Generation (《關於 2021 年風電、光伏發電開發建設有關事項的通知》). China will seek to raise its power generation from solar and wind plants to around 11% of the country's total power consumption in 2021 and to ramp up the percentage year by year thereafter, aiming for non-fossil fuels to account for about 20% of total energy consumption by 2025.

On 24 October 2021, the Central Committee of the Communist Party of China (CCCCP) and the State Council issued the Opinion on the Fully, Accurately and Comprehensively Implementing the New Development Concept, and Achieving Carbon Peak and Carbon Neutral (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which established the Carbon Peak and Carbon Neutrality goals for 2025, 2030 and 2060. The "1+N" policy system has also been gradually established and formed.

On 26 October 2021, the State Council issued the Notice on Course of Action to Achieve Carbon Peak by 2030 (《2030 年前碳達峰行動方案的通知》), non-fossil fuels will account for about 25% of total energy consumption, and the installed capacity of wind and solar power will achieve to 1.2 billion kW by 2030. The Notice mentioned

it should make great efforts to develop new energy, promote large-scale and quality development of wind and solar power, persist in developing centralized and distributed simultaneously, accelerate the development of wind power and solar power generation bases.

2. Guaranteeing grid connection and consumption of renewable energy by taking various measures

On 25 February 2021, the NDRC and the NEA issued the Guidance on Promoting The Integration Of Source, Grid, Load And Storage 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 give full play to the adjustment ability of the load side at the same time. The enhancement of integrating wind, solar, water, thermal power and storage should be actively implemented. and the increment of integrating wind, solar (thermal) power and storage should be strictly controlled.

On 21 May 2021, the NDRC and the NEA released the Notice on Responsibility Weight of Renewable Energy Power Consumption and Related Matters (《關於 2021 年可再生能源電力消納責任權重及有關事項的通知》). Provinces are required to adopt flexible and effective ways through mutual consultation according to their economic development needs, resource endowment and consumption capacity, to fulfill the responsibility weight of renewable energy power consumption together. The construction of local renewable energy power should be actively promoted according to the responsibility weight of renewable energy power consumption. Provinces could carry out cross-provincial and cross-regional power trading, encouraging entities who takes the responsibility of consumption to fulfill the task of renewable energy power consumption.

On 20 October 2021, the NEA issued the Notice on Actively Promoting the Work of New Energy Power Generation Projects with Maximizing the Grid Connection and Power Generation, proposing power grid companies should follow the principle of maximizing the grid connection and power generation. In addition, the overall planning and coordination should be strengthened, and the construction of supporting grid connection of wind and solar power generation projects will be accelerated.

3. Accelerating the power trading and reformation of tariff, and establishing a market-based tariff pricing mechanism for green power.

On 7 June 2021, the NDRC released the Notice on Feed-in tariff Policy for New Energy (《關於 2021 年新能源上網電價政策有關事項的通知》). China will end subsidies for newly approved onshore wind power projects from the central government budget and they can voluntarily participate in the market for power trading. Feed-in tariff for newly offshore wind power projects can be formed through competitive allocation.

On 7 September 2021, the pilot program of China's green power trading was officially launched. Previously, the NDRC and the NEA officially approved the Pilot Work Plan on Green Power Trading (《綠色電力交易試點工作方案》), requiring the arrangement of fully market-oriented green power should be prioritize; and the environmental value of green power should be fully demonstrated.

4. Providing supporting guarantee for renewable energy

On 24 February 2021, the NDRC issued the Notice on Encouraging Greater Financial Support to Boost Sound and Proper Development of Wind Power and Photovoltaic Power (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》). Financial institutions are required to extend loans for confirmed entitlement to subsidies at their discretion in a market-based and lawful manner, and to support loans for confirmed entitlement to subsidies, so as to ease the liquidity strains experienced by some renewable energy enterprises.

On 8 November 2021, the People's Bank of China launched the support instrument for carbon emission reduction to support the development in crucial areas such as clean energy, energy conservation and environmental protection, and carbon emission reduction technologies. And it leverages more private funds to promote carbon emission reduction. The support instrument for carbon emission reduction provides funds to financial institutions through a direct mechanism of "loan before loan". After receiving the support instrument for carbon emission reduction, financial institutions are required to disclose the information related to the support projects of carbon emission reduction to the public on a quarterly basis for public supervision.

II. INDUSTRY REVIEW

1. China' Wind Power has taken into a new level of scale

According the statistics from NEA, in 2021, the newly installed wind power connected to the grid in China amounted to 47.57GW, including 30.67GW of onshore wind power and 16.90GW of offshore wind power were added. From the distribution of newly installation, the central and southern regions accounted for 61%, and the three northern regions accounted for 39%. The layout of wind power development has been optimized.

As of the end of 2021, the accumulated installed wind power capacity in China came in at approximately 330GW, up by 16.6% YoY and accounting for 13.8% of installed capacity of the grid. Among which, accumulated installed capacity of onshore wind power and offshore wind power was 302GW and 26.39GW, respectively.

The annual wind power generation was 652.6 billion kWh, up by 40.5%; the national wind power utilization was 2,246 hours on average; and national average wind power utilization was 96.9%, representing an increase of 0.4 percentage point.

2. China's installed offshore wind power has become the top of the world

By the end of 2021, a number of offshore wind power projects has been connected to the grid in China. According to the latest 2021 Global Offshore Wind Power Report issued by Bloomberg New Energy Finance (BNEF), the largest contributor to the increment of the newly offshore wind power installation capacity was China in 2021. Under the pressure and opportunity of grid-parity and Carbon Peak and Carbon Neutrality goals, China's offshore wind power industry shows a strong flexibility and a huge potential, which provides a solid foundation for the smooth transition of industry and the exploration and practice of the deep sea in the stage of 14th Five-Year.

3. The trend of large-sized wind turbines development is accelerating

In recent years, the trend of large-sized wind turbines development has become increasingly apparent. According to the relevant statistics from the National Technical Committee for the Standardization of Wind Machinery, average power of China's annual newly installed wind turbines increased from 2.2MW to 2.7MW, representing a year-on-year increase of 23%, from 2018 to 2020. Over the same period, the share of 4MW-series turbines or higher increased from 6% to more than 10% in China's annual newly installed wind turbines. The trend of large-sized wind turbines not only improves the power generation of a unit, but also effectively reduces the cost of wind power generation. At the same time, the acceleration of the trend of large-sized wind turbines improves the requirements for the R&D of the wind turbines and the supply chain, requiring the coordinated development of the whole industrial chain.

III. MAIN BUSINESS ANALYSIS

The Company is mainly engaged in three primary activities namely WTG manufacture, wind power services and wind farm investment and development and other activities such as water treatment, that provide the Company with diversified sources of profitability. Drawing from the Company's extensive experience in R&D and manufacturing of WTGs and wind farm construction, it is able to provide customers with high quality WTGs as well as comprehensive solutions which include wind power services and wind farm investment and development, allowing the Company to meet its customers' demand in multiple segments of the wind power industry's value chain. The Company adopts the "two-wheel drive" technology route composed of DDPM and MSPM, including a series of WTGs of 1.5MW, 2S, 3S/4S, 6S/8S and medium speed permanent magnet products, which are capable of sustained operation in many different environments, from high to low temperatures, high altitude, low wind speed and coastal environments. In terms of market expansion, the Company has actively expanded into the global wind power market while consolidating the domestic market, with development spreading across six continents.

During the Reporting Period, the Company's operating revenue was RMB50,416.08 million, representing a decrease of 10.21% YoY. Net profit attributable to owners of the Company was RMB3,456.95 million, representing an increase of 16.65% YoY.

i. WTG R&D, Manufacturing and Sales

According to Bloomberg New Energy Finance ("BNEF"), the Company added 11.38GW of domestic installed capacity in 2021, with a domestic market share of 20%, ranking first in China for eleven consecutive years. The

Company added 12.04GW of installed capacity in the globe, with a global market share of 12.14%, ranking second in the world.

1. WTG Manufacturing and Sales

During the Reporting Period, the Group's revenue from the sales of WTGs and components was RMB39,932.08 million. The Group's external sales totalled 10,683.22MW in 2021, among which the sales of GW6S/8S, GW3S/4S series rised markedly, representing an increase of 305.01% and 210.27% YoY, respectively.

The capacity sold of GW6S/8S unit as a percentage of the total rose to 18.26% from 3.72% in 2020, and the capacity sold of GW3S/4S unit as a percentage of the total rose to 41.65% from 11.09% in 2020. MSPM turbines achieved a breakthrough with a sales capacity of 108.50MW.

The following table lists out details of the Group's WTG sales in 2021 and 2020:

Year ended 31 December					
Model	Units	2021 Capacity (MW)	Units	2020 Capacity (MW)	Change in %
MSPM	19	108.50	-	-	-
-6S/8S	299	1,950.75	73	481.65	305.01
3S/4S	1,090	4,449.42	388	1,434.06	210.27
2S	1,497	4,114.40	4,436	10,714.30	-61.60
1.5MW	40	60.15	200	301.65	-80.06
Total	2,945	10,683.22	5,097	12,931.66	-17.39

During the Reporting Period, the Company had 13,274.95MW external orders to be executed, including 25.50MW of 1.5MW unit, 2,852.80MW of 2S platform unit, 7,863.85MW of 3S/4S platform unit, 2,532.80MW of MSPM turbines. The Company had 3,599.75MW of external unsigned contract orders, including 347.00MW of 2S platform unit, 968.60MW of 3S/4S platform unit, 2,284.15MW of MSPM turbines. The Company's external order totaled 16,874.70MW, including 2,281.70MW overseas orders. In addition, the Company had 557.70MW of internal orders.

2. R&D and Certification

Quality growth has become the must-have choice 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 resources and technology advantages from the eight major R&D centers, accelerated technological change of products, enriched its product series of smart WTGs, and promoted technological innovation and digital transformation.

a. Product R&D and Mass Production

Focusing on product and technology leadership strategy and "two-wheel drive" technology route, the Company has optimized and upgraded the existing PMDD platform and products and released 15 flagship models of MSPM platform to meet the demand of the market and customers.

(i) PMDD WTGs

Applied technologies such as load control, power generation enhancement, health and safety diagnosis and alarm, fault troubleshooting and fault ride-through, the GP21 platform has rolled out GW165-4.2 and GW171-3.6/3.85 turbines to upgrade versions of GW165-4.0 turbines and to offer high quality products with higher generation performance and more adaptability for the sake of low-wind-speed & medium-to-low-wind speed resources.

With respect to medium-to-high-speed wind resources, the Company has launched GW165-5.0 turbines of 3S/4S platform, which has passed design and type certifications. The product is designed and developed on the mature 4S platform, with high reliability and economy. Combining radar-assisted load control technology, power

generation enhancement technology, and two-wire control technology, the turbine is able to meet customer-specific demand with customization by fully utilizing different environmental conditions on each project site.

In addition, the Company has launched 5S platform products globally, including GW165-5.2, GW165-5.6 and GW165-6.0 turbines, which are designed with innovative technologies such as single blade hoisting, three-level converter and constant pressure pitch. With design taking into account the diversity and complexity of global wind power market, the turbine can work in the most demanding environment such as weak-current grid, high-temperature and humidity, high altitude and low noise level. The development of 5S platform unit has inherited the advantages of 3S/4S platform and GP21 platform and adopted the platform-based and modular development concept to increase power generation by 16% compared to that generated of previous products. The first prototype of the GW165-5.2、GW165-5.6 turbines has completed installation, passed design certifications of DNV and CGC. The first order has been successfully won in South Africa.

Goldwind is continuously committed to independent R&D of offshore products and smoothly achieved the transition of offshore products to the “era of grid parity”. 6S/8S platform unit has achieved industrialization, and GW171-6.45, GW184-6.45 and GW175-8.0 has passed type certifications. Facing the “rush to installation” of offshore wind turbines in 2021, the Company completed the delivery and grid connection of all orders on offshore projects exceeded the total delivery of offshore projects in previous years. The GW184-6.45 model was honored with the 2021 World’s Best Wind Turbine by Windpower Monthly with its outstanding market performance; and GW175-8.0 is the first 8MW-unit type completing the on-grid adaptability test in China. In addition, GW175-6.0, an offshore low-wind-speed parity model, was under stable development and the prototype was released at the Dafeng Final Assembly Plant in November 2021. It has won bids for the 300MW project in Changyi, Shandong Province in its first order.

(ii) MSPM WTGs

During the Reporting Period, the Company launched the new-generation medium speed permanent magnet flagship products, covering three platforms and including 15 models and various tower heights adaptable to a wide range of application scenarios, such as centralized, large-base, distributed, conventional-altitude, high-altitude and offshore applications.

Goldwind started its research in medium-speed permanent magnet + full power converter technology in 2007 and a small volume of projects have been in stable operation for over 10 years. On the back of research and developments efforts as well as experience drawn from on-site implementation over the years, the new generation of medium-speed permanent magnet products have been launched, featuring a more reasonable chain gearing design, sound operating conditions of the generator gearbox and high overall reliability, among others.

Meanwhile, the medium-speed permanent magnet products have inherited the excellent features of the permanent magnet direct drive (PMDD) generation unit, sharing 90% of the materials used in a PMDD technology-based generation unit to replicate advantages such as the advanced technological level and high reliability of the PMDD generation unit, high generation volume of the permanent magnet generator, as well as low wear-and-tear ratio and ease in grid connection of the full power converter. The continued application in the current product generation of the substantial experience in design in connection with wind resources, blade aerodynamics, complete unit development, design of key parts and components, intelligent control and advanced grid connection technology and other aspects, coupled with a regime of shared services with the direct drive generation unit, has ensured that the advantage of Goldwind services is sustained.

Moreover, the design concepts of platform-based operation, modulization and serialization have been introduced for Goldwind’s current generation of medium-speed permanent magnet products at the preliminary stage of design. The scalability of the platform enables swift generational upgrade and development of products, while the application of a highly universal module reduces purchase costs and complications in delivery. Meanwhile, the development of serialized platforms helps to maintain flexibility in the market.

Goldwind has secured a large volume of orders on hand for medium-speed permanent magnet generation units soon after the launch and facilitated speedy delivery. Currently, deliveries and grid connections have been completed for a number of commercial projects in Xinjiang, Gansu and other regions.

b. Intellectual Property and Standard-Setting, Product Certification

Goldwind always attaches importance to R&D investment and actively carried out new product certification. By protecting core technologies through intellectual property, the number of patents at home and abroad kept increasing, and the patent application structure has been optimized continuously.

In 2021, Goldwind received 164 wind turbine certificates in total, including 87 design and assessment certificates and 77 type certificates, 131 domestic turbine certificates and 17 foreign turbine certificates.

As at 31 December 2021, the Company had 4,896 patent applications in China, including 2,819 invention patent applications, accounting for 57.58% of the total. The Company obtained 3,429 patent licenses in China, including 1,446 invention patent licenses, accounting for 42.17%. The Company had 713 patent applications and 317 patent licenses abroad.

The Company actively participated in the formulation and revision of domestic and international standards for wind power technology. By the end of 2021, Goldwind participated in the formulation and revision of 31 International Energy Commission (IEC) standards, led the formulation for one standard, and was a participant in 12 International Energy Agency (IEA) projects. The Company participated in the formulation and revision of 284 domestic standards, including 112 national standards, 123 industrial standards and 49 regional and association standards, among which 189 were already published.

3. Quality Management

The Company always considers quality leadership as a key element to the core comprehensiveness of its product. “Doing things right in the first place” defines the Company’s quality culture. In terms of business enhancement and management innovation, the Company seeks controllable risks through quality management concept of “excellent system, strong prevention and risk control”, to produce high quality products and to promote double growth in scale and efficiency.

In 2021, the Company promoted the construction and implementation for a reliability system from raw materials, turbines to wind farms at all levels, established a turbine alarm system with major unit risk alerts as the core, and promoted the construction of wind farms with trouble-free operation. The Company imposed prevention and control throughout the product lifecycle and the project process and built a customer-oriented closed-loop quality management system.

During the Reporting Period, the Company continuously expanded the depth and breadth of quality management work. With the combination of APQP (Advanced Product Quality Planning) and FMEA (Failure Mode and Effects Analysis), the Company has established project quality guarantee plans, deepened risk management on project quality and achieved advanced quality management. The recently added TPD (Technology Platform Development) quality domain process facilitates quality control on technological research projects in a bid to fulfil the quality vision on “High-quality Products and Reliable Goldwind”.

Relying on the establishment, optimization and iteration of the ITR (Issue To Resolution) process and by improving the quick response mechanism on customers’ issues, the Company established the information-based management platform on businesses within the warranty period from the perspective of customers, optimized control methods and strategies, guaranteed the smooth and efficient operation of process and achieved continuous improvement of efficiency in handling quality issues.

ii. Wind Power Service

Growth opportunities in the wind power post-warranty service market 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.

During the reporting period, the Company drove service transformation and the shift from O&M to asset management, and pursued the core values of safety, efficiency, maximum generation and value, by providing customers and the industry with solutions that enable maximum running rate of existing assets and high development. During the reporting period, the Company entered into asset management cooperation with for a 800MW wind farm with a large-sized energy and power group and provided discretionary asset management services.

Focusing on green energy investment and value chain, the Company constantly improves the operating efficiency of assets under the condition of asset safety, reliable operation, driven by digitalization, technological

empowerment and model innovation. As of the end of the reporting period, wind farm assets under management and by the Company totaled 13,038.2MW, including 7,685.7MW of external wind farm assets.

In terms of power sales service, focusing on customer value and market trends and aiming to develop the core capabilities on power sales in regions carrying out spot transactions, the Company developed the AI ALPHA aggregation platform, which represents a breakaway from the single competition model of quotation with the provision of overall solutions on the load side, enabling the customers to enjoy power sales and payment services, as well as low-cost, low-risk and low-carbon power consumption integrated source, grid, load and storage solution. 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 a competitive advantage of tariff with leading trading strategies and load side linkage providing nearly 2,000 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 20.5 billion kWh, representing a year-on-year increase of 43%.

When it comes to the revamping of outdated wind turbines, the Company has committed to seeking out technical solutions that offer higher reliability and better economy. A project in Jilin replaced 11 GWIS units and improved its annual equivalent utilization hours by approximately 1,800 hours and power generation by approximately 197%. Leveraging its outstanding end-to-end chain coordination and organizational capabilities for project construction, it was connected to the grid for power generation 13 days ahead of schedule.

As of the end of the Reporting Period, the Company's post warranty projects under operation at home and abroad totaled 23,144MW.

During the Reporting Period, the Group's revenue from the Wind Power Service business was RMB4,082.04 million, among which the Post-Warranty Service revenue totaled RMB1,967.42 million, representing an increase of 21.09% YoY.

iii. Wind Farm Investment and Development

In 2021, the Company made good progress in its wind farm investment and development activities, with continuous revenue growth and above-average hours of electricity generation utilization, achieving value retention and appreciation of wind farm investments.

Centering on the "14th Five-year Plan" of the state and energy policies and planning layouts of all provinces, the Company focused on key provinces and intensively deeply explored resources development in various provinces, cities and counties based on the types of resources. It has achieved business breakthroughs in big base, the integration of source, grid, load and storage, technological transformation and capacity expansion of wind farms, green power parks and flexible conversion thermal power. It has established strategic business presence in various provinces, actively conducted the wind riding campaign in thousands of townships and villages and developed zero-carbon parks and ports. It carried out cooperation with JD Logistics, COSCO Shipping and other well-known enterprises in China on carbon reduction and green power, formulated sophisticated carbon neutrality solutions on eight industries and conducted cooperation with key enterprises. Based on national strategies, the Company actively explored business in pumped storage and new types of energy storage. It has obtained project resources and stocked up considerable peak shaving capacity, thereby providing strong assurance for the development and construction of resources in wind power projects and their grid-connected operation.

During the Reporting Period, the grid-connected installed capacity of new interests in wind farms run by Company at home and abroad amounted to 1,408.39MW, and that of transferred interests was 827.47MW. As of the end of the Reporting Period, the grid-connected installed capacity of global cumulative interests totaled 6,068.20MW. The attributable capacity in wind farms under construction was 2,594.88MW.

During the Reporting Period, the Group's power generation revenue from wind farm business was RMB5,327.10 million, representing an increase of 32.56% YoY. During the Reporting Period, gain on disposal of equity investment in wind farms totalled RMB949.45 million.

As the end of the reporting period, the Company's wind power assets accounted in consolidated financial statements covered 17 provinces across China. During the reporting period, the average power generation utilization hours of domestic turbines were 2,546 hours, up by 323 hours YoY. The Company's domestic power generation accounted in the consolidated financial statements was 9.668 billion kWh, and on-grid power generation was 9.43 billion kWh.

Item	Reporting Period	Corresponding period last year
Domestic projects		
Total installed capacity (0' 000 kW)	561.58	523.97
Installed capacity of new generators in operation (0' 000 kW)	120.36	105.81
Planned installed capacity of approved projects (0' 000 kW)	197.9	230.1
Planned installed capacity of projects under construction (0' 000 kW)	201.36	203.15
Power generation (000 million kWh)	96.68	77.24
On-grid power generation or electricity sales (000 million kWh)	94.3	74.88
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 (%)	2.46%	3.05%
Utilization hours of power plants (hours)	2,546	2,223
International Projects		
Total installed capacity (0' 000 kW)	45.24	24.76
Installed capacity of new generators in operation (0' 000kW)	20.48	17.95
Planned installed capacity of projects under construction (0' 000 kW)	58.13	78.61
Power generation (000 million kWh)	11.8	7.6
On-grid power generation or electricity sales (000 million kWh)	11.6	7.5
Average power consumption rate of power plants (%)	2%	2%
Utilization hours of power plants (hours)	2,756	2,764

In terms of engineering construction, the Company vigorously overcame various adverse effects of the changing market environment, the outbreak of floods and disasters and the reoccurrence of the pandemic, optimized the project management mechanism and significantly improved the completion efficiency and delivery quality for project construction through various measures such as advanced design plans, optimized procurement models, enhanced risk management and end-to-end cost control and standardized project management.

In terms of production management, the Company enhanced acceptance inspection for grid-connection to ensure the successful operation of projects without significant quality defects after starting power transmission. Focused on the improvement of the reliability of equipment and the value preservation and appreciation of assets, the Company conducted analysis on key indicators, deepened benchmarking with indicators, identified, rectified and solved problems in the production process in a timely manner. Meanwhile, it actively carried out analysis and application of technical data, technological upgrade for equipment, rectification of low-efficiency units and other measures to effectively improve the capabilities of assets at wind farms for maximum generation. Major production and operation indicators have reached the advanced level in the industry.

During the Reporting Period, the Quannan Tian Paishan project of the Company was awarded the “National Demonstration Project on Water and Soil Conservation” in 2021 by the Ministry of Water Resources . The two wind power projects in Cangjie, Nanle and Xiaohuang, Dongxiang District were awarded the certificate of “High-quality Power Projects in China” in 2021 by Electric Power Construction Association. The Dabancheng integration wind farm was awarded the certificate of honor of “Five-star Level of Maturity in On-site Management” issued by China Association for Quality.

iv. Water Treatment Business

Leveraging on zero-carbon solutions and advanced core technologies on water treatment, Goldwind actively advanced the construction of digital, green and smart water plants and promoted the green reform in the water industry. In 2021, the Company achieved remarkable results in the value growth of existing assets, market expansion in industrial waste water treatment, smart water and other fields.

In terms of the value-added business, the Company conducted the upgrading and transformation of some sewage treatment projects. Currently, water treatment with the effluent quality reaching first-class A or above standards under the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) accounts for 95.09% of the total volume of waste water treatment by Goldwind Environmental Protection.

In terms of the expansion in industrial waste water treatment business, the Company won bids for the package on the reuse of reclaimed water under the water treatment and recycling project of Shanxi Synthetic Biological Industry Ecological Park, the largest reclaimed water reuse and membrane concentration project in China. The successful signing of the contract on the project will improve the Company's reputation in the industry and boost its business expansion in the future.

In terms of smart water, the digital platform of water plants has completed the construction of the expert service module and the asset management module. It achieved monthly inspections on water plants and real-time monitoring on the production, water output and real-time data of companies and sent alarms on non-compliant water output. Meanwhile, it established online accounts of corporate assets based on the encoding rules on assets and improved the efficiency in asset management.

As of the end of the reporting period, the Company owned 68 water treatment companies covering 33 cities, with water treatment scale of 4.0 million tons per day.

The Company was awarded the "2020 Most Professional Operational Operation Service Enterprise" in the 2021 (19th) Water Business Strategy Forum.

During the Reporting Period, the Company's revenue from water operation business totaled RMB734.09 million, an increase of 45.08% YoY.

v. Major Subsidiaries

As at 31 December 2021, the Group had 648 subsidiaries, including 48 directly owned subsidiaries and 600 indirectly owned subsidiaries. In addition, the Group had 18 joint ventures, 32 associated companies and 20 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 2021
Unit: RMB

No	Company Name	Registered Capital (RMB ten thousand)	Total Assets	Net Assets	Revenue from Operations	Net Profits
1	Beijing Tianrun New Energy Investment Co., Ltd.	555,000	48,238,560,850.69	14,464,532,390.26	4,912,347,052.57	2,394,792,372.27
2	Jiangsu Goldwind Technology Co., Ltd.	75,961	6,718,333,930.68	2,407,304,434.31	8,439,732,109.41	571,854,158.06
3	Goldwind Investment Holdings Co., Ltd.	100,000	3,279,201,234.25	2,627,143,154.56	30,010.40	409,079,079.90

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 2021, the Group's operating revenue was RMB50,416.08 million, representing a decrease of 10.21% compared with RMB56,145.83 million for the year ended 31 December 2020. Net profit attributable to owners of the Company was RMB3,456.95 million, representing an increase of 16.65% compared with RMB2,963.51 million for the year ended 31 December 2020. The Group reported basic earnings per share of RMB0.79.

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

Financial indicators	Year ended 31 December		Change (percentage points)
	2021	2020	
Profitability Index			
	6.86%	5.28%	1.58
Sales margin attributable to owners of the Company			
Return on investment index			
Weighted average return on net assets [◆]	10.72%	9.51%	1.21

◆ 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 mainly from: (i) WTG Manufacturing and Sale; (ii) Wind Power Services; (iii) Wind Farm Development; and (iv) Others. Revenue from WTG Manufacturing and Sale was mainly generated through sales of WTGs and components. Revenue from Wind Power Services was mainly generated through wind farm construction, post-warranty services, asset management services, finance services, etc. Revenue from Wind Farm Development was mainly generated from the sale of wind power generation service provided by the Group's wind farms. Revenues from other business segments include revenues from water operation business, etc.

For the year ended 31 December 2021, The Group's operating revenue was RMB50,416.08 million, representing a decrease of 10.21% compared with RMB56,145.83 million for the year ended 31 December 2020. Details are set out as below:

Revenue	Year ended 31 December		Unit: RMB thousand	
	2021	2020	Amount Change	Percentage Change
WTG Manufacturing	39,932,082	46,658,568	(6,726,486)	-14.42%
Wind Power Services	4,082,038	4,433,703	(351,665)	-7.93%
Wind Farm Development	5,327,104	4,018,720	1,308,384	32.56%
Others	1,074,855	1,034,836	40,019	3.87%
Total	50,416,079	56,145,827	(5,729,748)	-10.21%

During the Reporting Period the Group's revenue decreased mainly due to: (i) In 2021, as the offshore wind

power experienced rush-to-installation, the Company completed the delivery and grid-connection for all offshore projects, while onshore wind power entered the era of grid-parity leading to decreased sale capacity of WTGs YoY (ii) during the Reporting Period, the decline in revenue from wind farm engineering and construction overseas leading to decreased revenue from wind power services YoY; (iii) during the Reporting Period, the growing capacity of operational wind farms of the Group, along with greater hours of power generation led to the YoY increase in the revenue from wind farm development; and (iv) during the Reporting Period, water operation business maintained sound development, leading to increased revenue from other business services YoY.

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	Yearended31December 2021	2020	Amount Change	Percentage Change
Raw materials and components	36,840,222	41,837,419	(4,997,197)	-11.94%
Labour	541,712	371,624	170,088	45.77%
Depreciation and amortisation	2,044,730	1,749,303	295,427	16.89%
Other production costs	4,002,162	3,575,982	426,180	11.92%
Changes in inventories and transferred assets	(4,199,804)	(1,035,988)	(3,163,816)	305.39%
Total	39,229,022	46,498,340	(7,269,318)	-15.63%

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

Unit: RMB thousand

Cost	Year ended 31 December 2021	2020	Amount Change	Percentage Change
WTG Manufacturing	32,978,060	40,192,017	(7,213,957)	-17.95%
Wind Power Services	3,590,631	4,555,300	(964,669)	-21.18%
Wind Farm Development	1,748,658	1,304,340	444,318	34.06%
Others	911,673	446,683	464,990	104.10%
Total	39,229,022	46,498,340	(7,269,318)	-15.63%

The decrease in cost of sales of the Group was mainly caused by the decrease in operating income of the Group in 2021.

Gross Profit

Unit: RMB thousand

Gross Profit	Year ended 31 December 2021	2020	Amount Change	Percentage Change
WTG Manufacturing	6,954,022	6,466,551	487,471	7.54%

Wind Power Services	491,407	(121,597)	613,004	-504.13%
Wind Farm Development	3,578,446	2,714,380	864,066	31.83%
Others	163,182	588,153	(424,971)	-72.26%
Total	11,187,057	9,647,487	1,539,570	15.96%

Gross profit of the Group mainly comes from WTG Manufacturing business and Wind Farm Development business. During the reporting period the gross profit increased YoY mainly due to: (i) In 2021, as the offshore wind power experienced rush-to-installation, the Company's sale capacity of offshore WTGs increased by 396.98% YoY, leading to an increase in gross profit for WTG manufacturing segment by 7.54% YoY; (ii) The increase in post-warranty service revenue and the decrease in low-margined overseas EPC revenue YoY leading to increased gross profit for wind power service business; (iii) With the growing capacity of grid-connected wind farms held by the Company, the gross profit for Wind Farm Development business increased by 31.83% YoY

For the year ended 31 December 2021 and 2020, the Group's comprehensive gross profit margins were 22.19% and 17.18%, respectively. The gross profit margins for the WTG Manufacturing segment were 17.41% and 13.86%, respectively. The following table sets out the gross profit margins for WTGs (prepared in accordance with CASBE):

Gross Profit Margin	Year ended 31 December		Change (percentage points)
	2021	2020	
MSPM	7.26%	-	-
6S/8S	27.98%	20.16%	7.82
3S/4S	13.17%	14.11%	-0.94
2S	13.66%	13.85%	-0.19
1.5MW	22.57%	26.19%	-3.62

During the Reporting Period, gross profit margin for WTG product of 6S/8S series increased by 7.82 percentage points YoY.

Other Income and Gains, Net

Other income 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), gain on disposal of associates and joint ventures, interest income, fair value gain, 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 RMB2,784.10 million for the year ended 31 December 2021, representing an increase of 29.66% compared with RMB2,147.24 million for the year ended 31 December 2020. This was mainly caused by the increase in gain on disposal of interests in associates and joint ventures, government grants, interest income, fair value gains, etc. Such increase was offset by the decrease in gain on re-measurement of the remaining equity interests in investees at the date of losing control, etc.

Selling and Distribution Expenses

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

Selling and distribution expenses of the Group for the year ended 31 December 2021 was RMB3,173.72 million, representing a decrease of 13.08% compared with RMB3,651.45 million for the year ended 31 December 2020. This was mainly caused by the reduction for delayed operation expenses, etc. Such decrease was offset by the increase in staff costs, product warranty provisions, 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 2021 was RMB3,529.86 million, maintaining roughly the same level compared with RMB3,485.14 million for the year ended 31 December 2020.

Impairment losses under expected credit loss model, net

The Group's impairment losses under expected credit loss model primarily consisted of impairment losses on trade receivables, other receivables, finance receivables, contract assets, etc.

Impairment losses under expected credit loss model for the year ended 31 December 2021 was RMB707.59 million, representing an increase of 373.15% compared with net loss of RMB149.55 million for the corresponding period in 2020.

Details of impairment losses under expected credit loss model are as follows:

Unit: Million RMB

Item	2021	2020	Amount change	Percentage change
Impairment losses of trade receivables	552.54	62.07	490.47	790.19%
Impairment losses of financial receivables	54.52	4.06	50.46	1242.86%
Impairment losses of other receivables	96.40	83.22	13.18	15.84%
Impairment losses of contract assets	4.18	0.41	3.77	921.95%
Impairment losses of other non-current financial assets	(0.05)	(0.21)	0.16	-76.19%
Total	707.59	149.55	558.04	373.15%

Main reasons for the increase in impairment losses under expected credit loss model during the Reporting Period include:

1. During the Reporting Period, due to the fact that several customers had experienced material financial difficulties, adverse changes in operating or financial conditions, breach of contract, default or overdue payments for principal or interest, the Group, in the estimation that trade receivables may not be collected in full, therefore performed test with ECL model on an individual basis to evaluate the expected loss for trade receivables and recognized impairment loss of RMB525.77 million; as a result of improved long-aging receivables management, the Group had collected several customers' receivables during the Reporting Period, therefore made reversal of impairment of trade receivables on an individual basis of RMB27.96 million; the Group performed test with ECL model on a collective basis to evaluate the expected loss for trade receivables and recognized impairment loss of RMB54.73 million; the total amount of impairment loss recognized during the Reporting Period for trade receivables was RMB552.54 million.

2. During the Reporting Period, the Group performed test with ECL model on an individual basis for certain water treatment plants' financial receivables under service concession agreements and recognised impairment loss of RMB60.37 million; the Group performed ECL test on a collective basis for the other financial receivables and made reversal of impairment of RMB5.85 million; the total amount of impairment recognised during the Reporting Period for financial receivables was RMB54.52 million

3. During the Reporting Period, the Group performed test with ECL model and recognized impairment loss of RMB96.40 million for other receivables, impairment loss of RMB4.18 million for contract assets, reversal of impairment of RMB0.05 million for other non-current financial assets.

Details of impairment losses under expected credit loss model during the Reporting Period refer to Note 6, 15, 16, 17, 18 to the consolidated financial statements.

Other Expenses

Other expenses of the Group mainly include bank charges, foreign exchange net losses, assets impairment

provision, etc.

For the year ended 31 December 2021 the Group's other expenses were RMB1,380.35 million, representing an increase of 123.29% compared with RMB618.20 million for the year ended 31 December 2020. This was mainly attributable to the increase in impairment loss of long-term assets.

Details of impairment of long-term assets are as follows:

Unit: Million RMB

Items	2021	2020	Amount change	Percentage change
Impairment losses of other intangible assets	612.51	-	612.51	100.00%
Impairment losses of property, plant and equipment	143.19	151.53	(8.34)	-5.50%
Impairment losses of Goodwill	175.68	18.11	157.57	870.07%
total	931.38	169.64	761.74	449.03%

During the Reporting Period, the Group performed impairment tests on other intangible assets, property, plant and equipment, Goodwill and recognized impairment losses.

1. As the rapid development of technology and market environment has shortened the cycle of production iteration, the Group actively carried out plans for new product development and for slimming down product lines to meet market demand, and performed impairment test for development cost and some other intangible assets with impairment indicator. Key inputs used to estimate the recoverable amount include predicted order, sale price and predicted margin. The Group recognized impairment losses based on the difference between recoverable amount and book value of the assets, as follows:

(i) The Group performed impairment test on certain patents and technology know-how with carrying amounts of RMB258.52 million. The recoverable amounts of these intangible assets have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of RMB31.01 million after deducting the impairment loss of RMB227.51 million.

(ii) The Group performed impairment test on certain development costs with carrying amount of RMB324.75 million. The recoverable amounts of these development costs have been determined based on their value in use. The relevant assets were impaired to their recoverable amount of Nil after deducting the impairment loss of RMB324.75 million.

2. As the result of changes in tax rates, etc, in a foreign country, impairment indicator exist for the Group's wind power projects located in this country. The Group has engaged independent appraisers to perform impairment test on the intangible assets and property, plant and equipment of the wind power projects. Key inputs used to estimate the recoverable amount include electricity price and weighted average cost of capital. Based on the difference between the recoverable amount and the book value of the assets, the Group recognized impairment loss of RMB43.52 million for wind farm development and operating permit and impairment loss of RMB109.31 million for the property, plant and equipment during the Reporting Period.

3. The Group has engaged independent appraisers to perform impairment test for the goodwill of Vensys Energy AG, the subsidiary located in Germany. Based on the result of impairment test, the Group recognised impairment loss of RMB175.68 million for Goodwill during the Reporting Period.

Details of assets impairment during the Reporting Period refer to Note 6, 12, 13, 14 to the consolidated financial statements

Finance Costs

For the year ended 31 December 2021 the Group's finance costs were RMB1,149.12 million, representing an increase of 30.43% compared with RMB881.01 million for the year ended 31 Decemeber 2020. This was mainly due to the increase in interest expenses for interest-bearing bank and other borrowings.

Income Tax Expense

For the year ended 31 December 2021 the Group's income tax expense was RMB847.75 million, representing a increase of 175.19% compared with RMB308.06 million for the year ended 31 December 2020. This was mainly due to increased taxable profit compared with prior year.

Financial Position

As of 31 December 2021 and 31 December 2020, the Group's total assets were RMB119,360.19 million and RMB109,138.18 million, respectively. Total current assets were RMB47,935.93 million and RMB44,038.27 million, respectively. The ratio of current assets to total assets were 40.16% and 40.35%, respectively. The increase in current assets was mainly due to the increase in trade and bills receivables, disposal groups classified as held for sale, cash and cash equivalents, derivative financial instrument, etc. Such increase was offset by the decrease in inventories, etc.

As of 31 December 2021 and 31 December 2020, the Group's total non-current assets were RMB71,424.26 million and RMB65,099.92 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 other intangible assets as a result of increased water treatment operating concessions, the increase in financial receivables, the increase in non-current portion of prepayments, other receivables and other assets. Such increase was offset by the decrease in contract assets, etc.

As of 31 December 2021 and 31 December 2020, the Group's total liabilities were RMB82,936.59 million and RMB74,164.89 million, respectively. Total current liabilities were RMB49,886.07 million and RMB47,844.83 million, respectively. The increase in current liabilities was mainly due to the increase in trade payables. Such increase was offset by the decrease in other payables and accruals, etc.

As of 31 December 2021 and 31 December 2020, the Group's total non-current liabilities were RMB33,050.52 million and RMB26,320.06 million, respectively. This was mainly due to the increase in interest-bearing bank and other borrowings, provision, etc.

As of 31 December 2021 and 31 December 2020, the Group's net current liabilities were RMB1,950.14 million and RMB3,806.57 million, respectively. The Group's net assets were RMB36,423.60 million and RMB34,973.29 million, respectively.

As of 31 December 2021 and 31 December 2020, the Group's cash and cash equivalents were RMB8,141.30 million and RMB7,709.22 million, respectively. The interest-bearing bank and other borrowings were RMB31,277.39 million and RMB25,555.17 million, respectively.

Financial Resources and Liquidity

Unit: RMB thousand

	Year ended 31 December	
	2021	2020
Net cash flows from operating activities	4,886,508	5,377,445
Net cash flows used in investment activities	(7,872,813)	(5,719,254)
Net cash flows from financing activities	3,471,317	1,469,885
Net increase in cash and cash equivalents	485,012	1,128,076
Cash and cash equivalents at beginning of the year	7,705,323	6,807,417
Net effect of foreign exchange rate changes	(50,054)	(230,170)
Cash and cash equivalents at end of the year	8,140,281	7,705,323

1. Cash flows from operating activities

The net cash receipts from 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 2021 the Group's net cash flows from operating activities were RMB4,886.51 million. Cash inflows consist mainly of profit before tax of RMB4,339.23 million,

income tax payments of RMB847.75 million, adjustments of the increase of RMB3,058.65 million in trade and bills payables, the increase of RMB2,329.20 million in depreciation and amortization, the increase of RMB1,149.12 million in finance costs, the decrease of RMB982.52 million in inventories, the increase of RMB648.94 million in impairment of trade and other receivables, the increase of RMB612.51 million in impairment of other intangible assets, etc. The cash inflows were offset by the increase of RMB3,252.01 million in trade and bills receivables, the increase of RMB2,187.50 million in prepayments, other receivables and other assets, the increase of RMB1,006.58 million in financial receivables, the increase of RMB815.12 million in gain on disposal of interests in associates and joint ventures, the increase of RMB718.17 million in gain on disposal of subsidiaries, 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 of property, plant and equipment and investment properties, 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.

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 2021 the Group's net cash flows used in investing activities were RMB7,872.81 million. Cash outflows consist mainly of purchase of property, plant and equipment of RMB9,797.55 million, addition of other intangible assets of RMB817.72 million, the acquisition of interest in joint ventures of RMB515.00 million, acquisitions of subsidiaries, net of cash acquired of RMB508.57 million, purchases of financial assets at fair value through profit or loss of RMB355.79 million, etc. The cash outflows were offset by the cash inflows from disposals of shareholding in associates and joint ventures of RMB2,275.59 million, disposals of subsidiaries, net of cash disposed of RMB1,515.00 million, dividend received from joint ventures and associates of RMB499.35 million, 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 equity 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.

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 2021 the Group's net cash inflows from financing activities were RMB3,471.32 million. Cash inflows consist mainly of new bank and other borrowings of RMB15,738.13 million, capital contributions from other equity instruments holders of RMB998.59 million. Cash inflows were offset by repayment of bank and other borrowings of RMB8,432.36 million, repayment of bank and other equity instruments of RMB 1,993.62 million, interest paid of RMB1,251.85 million, dividend paid of RMB1,238.11 million, etc.

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.

Capital Expenditure

For the year ended 31 December 2021 the Group's capital expenditures were RMB11,829.58 million, representing an increase of 14.07% compared with RMB10,370.47 million for the year ended 31 December 2020. 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 2021, the Group's interest-bearing bank loans were RMB28,546.33 million, including bank loans repayable within one year of RMB4,172.69 million, in the second year of RMB4,397.37 million, in the third to fifth year of RMB8,778.06 million, and above five years of RMB11,198.21 million. In addition, as at 31 December 2021, the Group's other borrowings were RMB2,731.06 million, including other borrowings repayable within one year of RMB691.32 million, in the second year of RMB567.00 million, in the third to fifth year of RMB379.74 million, and above five year of RMB1,093.00 million. During the Reporting Period, the Group did not apply any interest rate hedging methods.

Capitalization of Interest

For the year ended 31 December 2021, the Group's capitalised interest expenses were RMB160.22 million.

Reserves

As at 31 December 2021, the Company's reserves distributable to shareholders were RMB1,257.03 million. This was the lower figure calculated under CASBE and IFRS.

Restricted Assets

As at 31 December 2021, certain assets of the Group with a total carrying value of RMB24,611.09 million were pledged as security for certain bank loans, other banking facilities, finance lease payments, power price swap contract, etc. Such assets include bank deposits of RMB545.70 million, trade and bills receivables of RMB5,230.44 million, property, plant and equipment of RMB15,937.98 million, right-of-use asset of RMB153.46 million, financial receivables of RMB1,781.88 million, assets of disposal groups classified as held for sale of RMB806.88 million, other intangible assets of RMB154.75 million

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.

Gearing Ratio

As at 31 December 2021, the Group's gearing ratio, defined as net debt divided by the sum of capital and net debt, was 62.10%, representing an increase of 2.85 percentage point compared with 59.25% as at 31 December 2020.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group primarily operated its businesses in China. Over 89% 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 2021, 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 2021, the Group's contingent liabilities were RMB17,411.79 million, representing a decrease of RMB1,672.43 million compared with RMB19,084.22 million as at 31 December 2020.

Significant Investments

The Group made no significant investment during the year ended 31 December 2021.

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 2021.

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

Climate change and sustainable development are challenges for all people. With the increasing willingness of countries around the world to seek energy transformation and green and low-carbon, traditional fossil energy are bound to gradually be replaced by non-fossil energy. Renewable energy, represented by wind power, will provide a strong impetus to promote net-zero carbon emissions globally thanks to its sound cost competitiveness and low-carbon product process.

Renewable Energy Market Reporting released by the International Renewable Energy Agency, stating that new energy is emerging globally, but it is not developing fast enough to achieve net zero emissions by 2050. The difference between the current global government commitment target and the 2050 net-zero emissions is significant, with a 14 billion tonne difference in carbon emission by 2030. Accelerating electrification, improving energy efficiency, reducing CH₄ emissions and promoting clean energy innovation will help to keep global temperature rises within 1.5°C. Future public and private investment and incentives should be fully mobilized to increase the proportion of electricity generated from renewable energy and to rationalize the mix of traditional fossil fuels with low-carbon fuels in order to achieve the 2050 climate target.

The Global Wind Energy Council (GWEC) pointed out Global Wind Report 2021 that the world needs to be installing wind power three times faster over the next decade in order to stay on a net-zero pathway. As the clean energy technology with the most decarbonization potential per MW, the current rate of wind power deployment will not be enough to achieve carbon neutrality by the middle of this century. GWEC is calling on policy makers to take a true climate emergency approach to allow a faster ramp up of wind power installation. Meanwhile, the Offshore Wind Power Report 2021 predicts cumulative newly offshore wind power installation to exceed 235GW for the future decade under the existing wind power policy. The cumulative installed capacity of offshore wind power will reach 270GW by 2030, among which 30% of the new installation will be installed in 2021-2025 and the rest in 2026-2030.

BNEF published its 2H 2021 Global Wind Market Outlook. The report predicts cumulative wind power installation to exceed 1,000GW in 2023 and to reach 1,716GW by 2030. Offshore wind power will add 35GW of annual installation, accounting for a quarter of the wind power installation that year.

2. Development Trend of Domestic Market in 2021

NDRC and NEA issued the Opinions on Improving Institutional Mechanisms and Policy Measures for Green and Low-carbon Transformation, stating that during the 14th Five-Year Plan period, the institutional framework for promoting green and low-carbon energy development will be basically established, a relatively sound policy, standard, market and regulatory system will be formed, and a mechanism for promoting green and low-carbon energy transformation will be built. By 2030, a pattern of energy production and consumption will be formed in which non-fossil energy will both basically meet the incremental energy demand and replace the fossil energy stock on a large scale, and the capacity of energy security will be comprehensively enhanced.

China Wind Power Outlook 2021-2030 issued by Wood Mackenzie, in China, cumulative wind power capacity connected to the grid will reach 689GW by 2030, accounting for 67% of the global share. The newly installation capacity of wind power connected to the grid are expected to reach 408GW in 2021-2030 to support China's target of reaching a total installed wind and PV capacity of over 1,200GW by 2030.

With the 30/60 dual carbon target as a guide, promoting the green and low-carbon transformation of the energy structure is an important element of China's power development during the 14th Five-Year Plan period. As one of the core subjects of new energy, wind power plays an important role in the development of national energy

strategies with its irreplaceable. In the future, with the gradual construction of China's new power system dominated by new energy sources and continuous improvement of the renewable energy consumption level, wind power industry will show even broader market prospects and development space.

3. Corporate Strategy

Goldwind adheres to the mission of "contributing clean energy 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 energy, energy conservation and environmental protection." during the 14th Five-Year plan, the Company will continue to adhere to the concept of high-quality development, build scientific and technological innovation capabilities, open up the power side and load side, and achieve rapid and steady growth in the three business scenarios including onshore wind power, offshore wind power and integrated energy services. Meanwhile, the Company will integrate global resources and opportunities to build Goldwind into an international and global company, focus on the theme of "empowering the country's 30/60 carbon reduction target", and continuously promote technological innovation in wind power and peripheral product solutions, leading the balanced development of the industry chain.

4. Company Business Plan and Major Objectives

In 2022, following the guidance of "development, efficiency improvement, innovation and transformation", the Company will firmly seize development opportunities in the industry and focus on customers and products to enhance its core competitiveness through innovation in technology, business models and management and maintain its leading position in the domestic and global wind power markets. Goldwind will build the leadership of products through technology innovation and embrace the ever-developing global markets with the dual technical routes on DDPM and medium speed permanent magnet. It will establish a comprehensive technical standard system covering the whole industrial chain and upgrade technological advantages into standard advantages to improve the competitiveness of products and technologies. It will strengthen internal synergy and resources integration, follow the trends of national strategies, promote the service business and the product-based business of power plants and deeply tap into traditional power customers and emerging and potential customers in industries under the Carbon Peak by 2030 and Carbon Neutrality by 2060 goals to realise the value of Goldwind's solutions along the full industry chain.

5. Capital Requirements

According to the 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 policies. The changes of policies, such as grid-connected tariff of wind power, subsidy policies, industrial construction plans, protection and consumption mechanism, will impact the production and sales of the Company's major products.

(2) Market Competition Risk

The aims to achieve Carbon Peak by 2030 and Carbon Neutrality by 2060 announced by the government are creating unparalleled opportunities for the wind power industry in China. Competition among peer companies may intensify due to demand in improving WTGs quality and efficiency, seizing of advantageous resources, and expanding market share.

(3) Economic Environment and Exchange Rate Fluctuations

An increasingly complicated current domestic and international economic environment, rising geopolitical risks, emerging trade protectionism, and arduous task of global economic recovery 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

The overseas COVID pandemic has shown diverging trends. The virus spread has gradually contained in developed economies, but emerging markets and developing economies have experienced more waves of infection, posing adverse impact on the global industrial chains and supply chains. In the pandemic is not brought under control effectively globally, it may have adverse impact on the Company's production and business activities.

Facing with the foresaid possible risks, the Company will consolidate the manufacturing base, roll out products and solutions of high quality, lower prices and better performance, with technological innovation and product upgrade as main drivers, and bring into play its advantage in the whole industrial chain competition. Meanwhile, it will continue to strengthen its profitability through diversification, and achieve sustainability. In view of the changing pandemic situation in China and abroad, the Company will further tighten risk control, strengthen communication and cooperation with its customers, and do well in both infection prevention & control and domestic & international business development.

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 more than 20 years of development, Goldwind has become an industry-leading, comprehensive wind power solution provider in both China and overseas. The Company's 1.5MW, 2S-platform, 3S/4S-platform, 6S/8S-platform and MSPM turbines 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 eleven consecutive years and ranked the second largest in the world in 2021, symbolising its industry-leading position for many years.

ii. Advanced Products and Technology

Goldwind's PMDD WTGs are trusted by customers for their superior performance, including high efficiency of power generation, wide range of rotational speeds, simple structure of excitation mode, cabin structure designed for easy maintenance, low cost for O&M, grid-friendly features and highly efficient utilization. The PSPM products inherit the advantages of grid-friendly and high reliability of DDPM turbines, but also features flexible transportation, convenient installation and comfortable O&M. The Company has eight R&D centers in both China and overseas and more than 3,000 R&D staff with extensive industry experience, making active contributions to the Company's new product development and technological innovation. Through mastering more cutting-edge technologies, the Company constantly develops and streamlines its serialized product portfolio, to ensure the application of products in diversified usage scenarios and 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 the Company's revenue in the foreseeable future.

iii. Brand Awareness and Reputation

The Company attaches great importance to the quality of WTGs 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 WTGs and to reduce the levelized cost of energy 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 customer. It has been highly recognized by the government, customers, partners and investors.

iv. Comprehensive Solution Provider

Relying on the Company's advanced technology and products, and years of experience in wind power development, construction, and O&M, in addition to WTG sales, the Company actively expands wind farm services and comprehensive solution of wind farm development to satisfy customer demands throughout the value chain in wind power industry. Through years of development, the foresaid has

become important components to the Company's profit, and has been tested and verified successfully by the market. Meanwhile, it has enhanced the Company's competitiveness as a whole and gained a unique advantage. In the field of energy conservation and environmental protection, the Company quickly accumulated water treatment and environmental protection assets, and developed smart water treatment comprehensive solutions. The Company is committed to becoming a global leader in clean energy, energy conservation and environmental protection comprehensive solutions.

v. Internationalisation

As one of the first domestic wind power enterprises in China to have expanded overseas business, the Company has actively promoted its internationalization strategy for many years, adhering to the aim of "promoting internationalization through localization". The Company has not only made breakthroughs in key target markets such as Australia and Europe, but also expanded to emerging markets including Africa and Asia. The Company 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 realizing the internationalization 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 2021, based on the issued share capital of the Company of 4,225,067,647 Shares. The dividend paid in total will be RMB1,056,266,911.75. This recommendation is subject to approval by the Shareholders at the forthcoming AGM for the year of 2021 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 2022. Information regarding the date of the AGM for the year of 2021, 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 2021.

The Company has complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2021 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 2021 in accordance with the development strategies of the Company and based on changes of the industry and market environments.

(1) The Equity Transfer related to parts of the wholly-owned subsidiary of the Company

The Group acquired and disposed certain subsidiaries and interests in certain associates during the financial year ended 31 December 2021 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 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 the distributable profits from 1 January 2021 to 31 December 2021 exceeded the profit benchmark, ABC Investment and Beijing Tianrun will distribute the exceeding portion on a 20(ABC Investment):80(Beijing Tianrun) basis.

(2) The Equity Transfer related to Hamixintian

Beijing Tianrun, a wholly-owned subsidiary of the Company (as “**Transferor**”), entered into the Equity Transfer Agreement (the “**Hami Equity Transfer Agreement**”) with Three Gorges Clean Energy Equity Investment Fund (Tianjin) Partnership (Limited Partnership) (“**Three Gorges Clean Energy Fund**”) and its sub-fund Ruiqing (Tianjin) Industrial Investment Fund Partnership (Limited Partnership) (“**Ruiqing Fund**” or “**Sub-Fund**”) on 18 June 2021, in relation to the transfer of the 100% equity interests in Hami Xintian Energy Co., Ltd. (“**Hami Xintian**”) in which Beijing Tianrun will dispose 0.01% equity interests in Hami Xintian to Three Gorges Clean Energy Fund and 99.99% equity interests in Hami Xintian to its Sub-Fund.

As at the date of signing the Hami Equity Transfer Agreement, (i) China Three Gorges Energy held more than 10% of the Company’s total issued share capital; (ii) China Three Gorges Corporation holds 49% of shares of China Three Gorges Energy, and China Three Gorges Energy is a non-wholly owned subsidiary of China Three Gorges Corporation; (iii) China Three Gorges Corporation holds 40% of shares of Three Gorges Capital Holdings Co., Ltd. (“**Three Gorges Capital**”), and Three Gorges Capital is a non-wholly owned subsidiary of China Three Gorges Corporation; and (iv) the capital contributed by Three Gorges Capital amounts to more than 50% of the total capital of Three Gorges Clean Energy Fund, and Three Gorges Clean Energy holds 99.97% of interests in the Sub-Fund. Accordingly, pursuant to Chapter 14A of the Listing Rules, Three Gorges Clean Energy Fund and its Sub-Fund were connected persons of the Company; the transfer of 100% equity interest in Hami Xintian from Beijing Tianrun to Three Gorges Clean Energy Fund and its Sub-Fund constituted a connected transaction of the Company.

As of the end of the Reporting Period, the transaction contemplated under the Hami Equity Transfer Agreement had been completed, recording an investment gain (before tax) of approximately RMB135.04 million. There is a difference between the actual investment gain and the estimated investment gain of RMB166 million as disclosed in the announcement dated on 28 June 2021, mainly because the power generation profit of Hami Xintian during the transition period was owned by the transferee, resulting in a higher investment cost on the completion date than the estimated investment cost disclosed.

For details please refer to the announcements of the Company dated 20 June 2021 and 28 June 2021.

ASSET-BACKED SECURITIES

The Company has obtained the No Objection Letter for Listing and Transfer for its “CDB Securities-Gold Wind Accounts Receivable Phase 1-4 Green Asset-backed Special Plan Asset-backed Securities” from Shanghai Stock Exchange. These asset-backed securities will be issued by not more than 4 installments, to raise a capital of not more than RMB2 billion. The capital raised will be mainly used to purchase raw materials and components for

wind power generation systems, replenish working capital, and repay the debts bearing interest, as case may be, depending on the actual needs of the Company.

As at 10 May 2021, the Phase 1 Green Asset-backed Special Plan raised a capital of RMB500 million, meeting the fund requirements for agreed special plan and was established officially.

The Phase 1 Green Asset-backed Special Plan was listed on Shanghai Stock Exchange on 21 May 2021, to issue asset-backed securities in the total amount of RMB500 million, including preferred A level asset-backed securities in the amount of RMB475 million and subprime asset-backed securities in the amount of RMB25 million.

ASSET-BACKED NOTES

On 20 August 2021, the Board considered and approved the motion on application for registration and issue of consolidated asset-backed notes. This issue was to raise a capital of not more than RMB2 billion. The notes will be issued by installments on demand, for a term of not more than 3 years. The capital raised from the notes will be used mainly to repay the existing liabilities and replenish working capital. The Board may authorize the management team to deal with the registration and issue at full discretion according to the Company's specific demands and other market conditions. During the Reporting Period, none of the asset-backed notes had been issued.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the financial year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company, save as the asset-backed securities and asset-backed 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 2021 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 2021 ANNUAL RESULTS

The Audit Committee of the Company has reviewed and approved the 2021 Annual Results.

Definitions

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

“A Shares”	ordinary shares issued by the Company, with RMB-denominated par value of RMB1.00 each, which are listed on the SZSE and traded in RMB;
“AGM”	annual general meeting of the Company;
“Articles”	the <i>Articles of Association</i> of the Company, as amended, modified or otherwise supplemented from time to time;
“attributable capacity”	represents the capacity attributed to the Group calculated by multiplying the Group’s percentage ownership in a power project by the total capacity of such power project;
“Beijing Tianrun”	Beijing Tianrun New Energy Investment Co., Ltd. (北京天潤新能投資有限公司), a company incorporated under the laws of the PRC on 11 April 2007 and a wholly owned subsidiary of the Company;
“Board”	the board of directors of the Company;
“CASBE”	<i>China Accounting Standards for Business Enterprises</i> ;
“China” or “PRC”	the People’s Republic of China. References in this announcement to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Company” or “Goldwind”	Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司), a joint stock limited liability company incorporated in the PRC on 26 March 2001;
“Corporate Governance Code”	<i>Corporate Governance Code</i> and <i>Corporate Governance Report</i> , as set out in Appendix 14 of the Listing Rules;
“DDPM”	direct-drive permanent magnet, a technology that combines a) a drive-train concept in which the need for a gearbox is eliminated and the turbine rotor directly drives the generator rotor; and b) a synchronous generator in which permanent magnet is used on the generator;
“Directors”	the directors of the Company;
“EPC”	Engineering, Procurement and Construction, a construction arrangement where a company that is contracted to construct the project will be responsible for the design, procurement and construction of such project, and will deliver such project to the owner after completion of the project construction and passing of the final acceptance inspection;
“Financial Statements”	the audited consolidated financial statements of the Group for the financial year ended 31 December 2021, 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. (金風環保有限公司), 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”	<i>International Financial Reporting Standards</i> ;
“kV”	kilovolt, a unit of potential difference between two terminals, 1kV equals 1,000 volts;
“kW”	kilowatt, a unit of power, 1kW equals 1,000 watts;
“kWh”	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity;
“Listing Rules”	the <i>Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> ;
“MSPM”	Medium speed permanent magnet, a technology that combines a) a transmission method using an impeller connected to a medium-speed gearbox (transmission ratio 10 to 79) to drive the turbine rotor; and b) electric current generated by generator rotor in which permanent magnet is used on.
“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, 25 March 2022

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 Mr. Wang Kaiguo; and independent non-executive directors are Dr. Tin Yau Kelvin Wong, Mr. Wei Wei and Ms. Yang Jianping.