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**China WindPower Group Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 182)**

**RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

The board of directors (the “Board”) of China WindPower Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012. The consolidated results have been reviewed by the Company’s audit committee.

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 HK\$'000	2012 HK\$'000 (Restated)
Revenue	3	1,882,610	1,099,819
Other income	3	46,401	24,821
Other gains, net	4	177,204	200,054
Exchange gains, net	4	10,538	38
Expenses			
Cost of construction and inventories sold		(1,436,399)	(791,738)
Inventory write-down		(39,934)	-
Employee benefit expense		(149,965)	(157,349)
Depreciation and amortisation		(63,991)	(46,672)
Operating lease payments		(2,537)	(16,738)
Other expenses		(114,438)	(114,333)
Finance costs	5	(103,496)	(85,985)
Share of results of associates			
- Share of results before provision for receivables		3,272	7,278
- Provision for receivables		(2,380)	-
Share of results of joint ventures			
- Share of results before provision for receivables		59,994	31,475
- Provision for receivables		(73,785)	(6,190)
- Loss from discounting of receivables		-	(31,408)
<b>Profit before income tax</b>		<u>193,094</u>	<u>113,072</u>
Income tax expense	6	(41,967)	(72,160)
<b>Profit for the year</b>		<u><u>151,127</u></u>	<u><u>40,912</u></u>
<b>Profit attributable to:</b>			
Equity holders of the Company		151,117	40,386
Non-controlling interests		10	526
		<u><u>151,127</u></u>	<u><u>40,912</u></u>
<b>Earnings per share attributable to equity holders of the Company during the year</b>			
Basic earnings per share	7(a)	2.03 HK cents	0.55 HK cents
Diluted earnings per share	7(b)	<u><u>2.03 HK cents</u></u>	<u><u>0.55 HK cents</u></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 HK\$'000	2012 HK\$'000
<b>Profit for the year</b>	151,127	40,912
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<b>Other comprehensive income/(loss):</b>		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences		
- Group	69,365	(812)
- Associates	10,326	520
- Joint ventures	46,202	(1,623)
- Recycling upon loss of control over subsidiaries	-	(7,409)
- Recycling upon disposal and partial disposal of joint ventures	(32,024)	(1,687)
	-----	-----
<b>Total other comprehensive income/(loss) for the year, net of tax</b>	93,869	(11,011)
	-----	-----
<b>Total comprehensive income for the year</b>	244,996	29,901
	=====	=====
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	244,642	29,373
Non-controlling interests	354	528
	-----	-----
	244,996	29,901
	=====	=====

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Note	2013 HK\$'000	2012 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,238,277	1,247,670
Leasehold land and land use rights		147,699	148,947
Intangible assets		1,361,973	1,324,790
Interests in associates		369,950	302,859
Interests in joint ventures		1,486,510	1,507,111
Available-for-sale financial assets		-	2,775
Prepayments and deposits		22,931	23,528
Deferred tax assets		15,168	14,669
		<u>5,642,508</u>	<u>4,572,349</u>
<b>Current assets</b>			
Inventories		449,450	209,880
Trade and bill receivables	9	524,103	367,204
Prepayments, deposits and other receivables		806,825	591,680
Amounts due from associates		66,580	31,887
Amounts due from joint ventures		511,524	1,003,859
Cash and cash equivalents		1,850,209	731,167
		<u>4,208,691</u>	<u>2,935,677</u>
<b>Total assets</b>		<u><u>9,851,199</u></u>	<u><u>7,508,026</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		1,262,479	1,298,218
Deferred tax liabilities		4,875	5,544
Deferred government grant		16,952	17,177
		<u>1,284,306</u>	<u>1,320,939</u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2013**

	Note	2013 HK\$'000	2012 HK\$'000
<b>Current liabilities</b>			
Trade and bill payables	10	1,304,735	1,007,791
Other payables and accruals		823,359	390,778
Amounts due to associates		79,848	158,749
Amounts due to joint ventures		270,867	35,491
Borrowings		1,067,713	83,869
Current income tax liabilities		26,485	55,411
		<u>3,573,007</u>	<u>1,732,089</u>
<b>Total liabilities</b>		<u>4,857,313</u>	<u>3,053,028</u>
<b>Net current assets</b>		<u>635,684</u>	<u>1,203,588</u>
<b>Total assets less current liabilities</b>		<u>6,278,192</u>	<u>5,775,937</u>
<b>Net assets</b>		<u>4,993,886</u>	<u>4,454,998</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	11	80,187	73,936
Reserves		4,891,264	4,380,070
		<u>4,971,451</u>	<u>4,454,006</u>
Non-controlling interests		22,435	992
<b>Total equity</b>		<u>4,993,886</u>	<u>4,454,998</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Premium arising on acquisition of non-controlling interests HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2013</b>	73,936	2,341	2,675,788	(35,481)	354,569	118,673	1,264,180	4,454,006	992	4,454,998
<b>Comprehensive income</b>										
Profit for the year	-	-	-	-	-	-	151,117	151,117	10	151,127
<b>Other comprehensive income</b>										
Currency translation differences										
- Group	-	-	-	-	69,021	-	-	69,021	344	69,365
- Associates	-	-	-	-	10,326	-	-	10,326	-	10,326
- Joint ventures	-	-	-	-	46,202	-	-	46,202	-	46,202
- Recycling upon disposal and partial disposal of joint ventures	-	-	-	-	(32,024)	-	-	(32,024)	-	(32,024)
Total other comprehensive income, net of tax	-	-	-	-	93,525	-	-	93,525	344	93,869
<b>Total comprehensive income</b>	-	-	-	-	93,525	-	151,117	244,642	354	244,996
<b>Total contributions by and distributions to equity holders of the Company recognised directly in equity</b>										
Subscription of new ordinary shares	6,000	251,770	-	-	-	-	-	257,770	-	257,770
Exercise of share options	251	10,770	-	-	-	(3,425)	-	7,596	-	7,596
Share-based compensation	-	-	-	-	-	7,437	-	7,437	-	7,437
Total contributions by and distributions to equity holders of the Company	6,251	262,540	-	-	-	4,012	-	272,803	-	272,803
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	21,089	21,089
<b>Total transactions with owners</b>	6,251	262,540	-	-	-	4,012	-	272,803	21,089	293,892
<b>Balance at 31 December 2013</b>	80,187	264,881	2,675,788	(35,481)	448,094	122,685	1,415,297	4,971,451	22,435	4,993,886

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 HK\$'000	2012 HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	461,207	375,494
Income tax paid	(75,556)	(54,914)
<b>Net cash generated from operating activities</b>	<u>385,651</u>	<u>320,580</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(357,013)	(705,581)
Capital injection to joint ventures	(212,057)	(104,470)
Capital injection to associates	(62,787)	-
Capital reduction from a joint venture	-	18,805
Net proceeds from disposal of available-for-sale financial assets	2,910	-
Net proceeds received from joint venture partners	267,116	145,796
Net proceeds from disposal of subsidiaries	73,185	3,220
Acquisition of subsidiaries, net of cash acquired	(108,576)	(48,305)
Prepayment for acquisition of a subsidiary	-	(4,316)
Net proceeds from disposal of property, plant and equipment	1,161	462
Net proceeds from disposal of financial assets at fair value through profit or loss	1,668	1,585
Dividends received from associates	1,587	-
Dividends received from joint ventures	67,463	11,062
Loan granted to associates	-	(24,029)
Loan repayments received from associates	-	61,453
Loan granted to joint ventures	(222,004)	(307,456)
Loan repayments received from joint ventures	136,235	242,577
Loan granted to third parties	-	(48,683)
Receipt of government grants	9,900	-
Loan repayments received from third parties	45,358	2,000
Interest received	19,152	8,458
<b>Net cash used in investing activities</b>	<u>(336,702)</u>	<u>(747,422)</u>
<b>Cash flows from financing activities</b>		
Subscription of new ordinary shares	257,770	-
Net proceeds from exercise of share options	7,595	-
Proceeds from borrowings	989,827	400,248
Repayment of borrowings	(106,216)	(156,318)
Dividend paid to equity holders of the Company	-	(73,936)
Interest paid	(111,185)	(76,138)
<b>Net cash generated from financing activities</b>	<u>1,037,791</u>	<u>93,856</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,086,740	(332,986)
Cash and cash equivalents at beginning of the year	731,167	1,063,541
Exchange gain on cash and cash equivalents	32,302	612
<b>Cash and cash equivalents at end of the year</b>	<u>1,850,209</u>	<u>731,167</u>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<u>1,850,209</u>	<u>731,167</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

There are no HKFRSs that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Group.

The following new standards, amendments to standards and interpretation which have been issued by the HKICPA as of 31 December 2013 may impact to the Group in future years but are not yet effective for the year ended 31 December 2013 and have not early adopted in these financial statements:

		Applicable accounting period to the Group
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
Amendments to HKFRS7 and HKFRS9	Mandatory effective date and transition disclosures	1 January 2015
HKFRS14	Regulatory deferral accounts	1 January 2016
Amendments to HKFRS10,12 and HKAS27 (2011)	Investment entities	1 January 2014
HK(IFRIC)21	Levies	1 January 2014
Annual improvements 2010-2012 Cycle		1 July 2014
Annual improvements 2011-2013 Cycle		1 July 2014

The Group has commenced an assessment of the impact of these new, amended and revised HKFRSs but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

Certain comparative figures have been reclassified to conform to current year’s presentation for a fairer presentation of the Group’s activities. These reclassification have no effect on financial position, profit for the year or cash flows of the Group.



## **2 Segment information**

### **(a) Business segments**

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making.

The executive directors consider the business from a product and service perspectives. During the year, the executive directors restructured the organisation and transferred part of the business operations from “manufacture of equipment” segment to “engineering, procurement and construction” segment.

The two operating segments were then merged to form the new segment “engineering, procurement, construction and manufacture of equipment”. In the new structure, the Group has reported on three operating segments as follows:

- Engineering, procurement, construction and manufacture of equipment - providing technical and consultancy services, securing power resources in renewable energy industry, undertaking electrical engineering and construction of power plant projects and manufacturing of tower tube and gear box equipments for power business;
- Operation and maintenance of power plants - providing operation and maintenance services to power plants; and
- Investment in power plants - investing in power plants.

To ensure a consistent comparison to the new structure, the comparatives have been restated accordingly.

The executive directors assess the performance of the operating segments based on a measure of adjusted earnings before interest and income tax. This measurement basis excludes the effects of non-recurring income and expenditure from the operating segments.

Segment assets comprise goodwill, interests in associates, interests in JVs, property, plant and equipment, leasehold land and land use rights, other intangible asset, available-for-sale financial assets, inventories, receivables and cash and cash equivalents which are related to the segments.

Segment liabilities comprise payables, borrowings, current income tax liabilities and deferred government grant which are related to the segments.

Inter-segment sales and transfers are transacted at cost or with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## For the year ended 31 December 2013

	Engineering, procurement, Construction and equipment manufacturing HK\$'000	Power plant Operation and maintenance HK\$'000	Investment in power plants HK\$'000	Total HK\$'000	
Segment revenue					
Inter-segment sales	389,020	11,035	(400,055)	-	
Sales to external customers	1,643,670	124,667	114,273	1,882,610	
Segment results	56,356	46,404	117,791	220,551	
Finance income	2,727	244	1,047	4,018	
Other gains, net	(3,030)	-	178,109	175,079	
Unallocated income				44,509	
Unallocated expenses				(90,809)	
Finance costs	(8,039)	(1)	(36,115)	(44,155)	
Share of joint ventures and associates' provision for receivables	-	-	(76,165)	(76,165)	
Inventory write-down	(39,934)	-	-	(39,934)	
Profit before income tax				193,094	
Income tax expense	(35,600)	(8,409)	2,042	(41,967)	
Profit for the year				151,127	
Segment assets	2,651,108	367,541	6,604,354	9,623,003	
Unallocated assets				228,196	
Total assets				9,851,199	
Segment liabilities	(2,402,897)	(20,756)	(1,460,502)	(3,884,155)	
Unallocated liabilities				(973,158)	
Total liabilities				(4,857,313)	
Other segment information				Unallocated	Total
Additions to non-current assets (other than financial instruments and deferred tax assets)	9,982	326	555,997	-	566,305
Depreciation of property, plant and equipment	36,243	4,090	37,390	20	77,743
Amortisation of other intangible asset and prepaid operating lease payment	5,825	-	-	121	5,946
(Gain)/loss on disposal of property, plant and equipment	(549)	-	118	-	(431)
Share-based compensation	1,601	485	3,338	2,013	7,437

**For the year ended 31 December 2012**

	Engineering, procurement Construction and Equipment manufacturing HK\$'000 (Restated)	Power plant Operation and maintenance HK\$'000	Investment in power plants HK\$'000	Total HK\$'000	
Segment revenue					
Inter-segment sales	352,014	4,473	(356,487)	-	
Sales to external customers	907,441	129,314	63,064	1,099,819	
Segment results	(27,176)	48,348	20,019	41,191	
Finance income	3,111	34	1,477	4,622	
Other gains, net	(6,542)	-	205,011	198,469	
Unallocated income				21,784	
Unallocated expenses				(95,093)	
Finance costs	(14,432)	-	(5,871)	(20,303)	
Share of joint ventures' provision for receivables	-	-	(6,190)	(6,190)	
Loss from discounting of receivables	-	-	(31,408)	(31,408)	
Profit before income tax				113,072	
Income tax expense	(58,226)	(2,360)	(11,574)	(72,160)	
Profit for the year				40,912	
Segment assets	1,946,695	295,307	5,135,378	7,377,380	
Unallocated assets				130,646	
Total assets				7,508,026	
Segment liabilities	(1,545,314)	(10,514)	(559,419)	(2,115,247)	
Unallocated liabilities				(937,781)	
Total liabilities				(3,053,028)	
Other segment information				Unallocated	Total
Additions to non-current assets (other than financial instruments and deferred tax assets)	18,877	6,141	382,436	3	407,457
Depreciation of property, plant and equipment	30,292	3,111	29,117	293	62,813
Amortisation of other intangible asset and prepaid operating lease payment	5,715	-	-	119	5,834
Loss on disposal of property, plant and equipment	451	-	-	-	451
Share-based compensation	12,096	1,014	6,703	4,374	24,187

**(b) Geographical segments**

The Company is domiciled in Bermuda. None of its revenue was generated from external customers in Bermuda, and no non-current assets are located in Bermuda.

Management considers the geographical segments with revenue derived from different locations, which determined by the country in which the customer is operated. Engineering, procurement, construction and manufacture of equipment is operated in two main geographical segments, including the PRC and Ghana. The Group's maintenance activities are operated in the PRC, while investment in power plants is operated in the PRC and the United States of America. There are no sales between geographical segments.

Total assets and capital expenditures are allocated based on the geographical location of the assets, mainly located in the PRC and the locations including the United States of America, Hong Kong, Ghana and Philippines.

The Group's revenue, total assets and capital expenditures by locations are analysed as follows:

	2013			2012		
	Revenue HK\$'000	Total assets HK\$'000	Capital expenditures HK\$'000	Revenue HK\$'000	Total assets HK\$'000	Capital expenditures HK\$'000
The PRC	1,860,879	8,351,171	537,896	1,025,615	6,083,236	405,361
Others	21,731	1,500,028	28,409	74,204	1,424,790	2,096
	<u>1,882,610</u>	<u>9,851,199</u>	<u>566,305</u>	<u>1,099,819</u>	<u>7,508,026</u>	<u>407,457</u>

**(c) Major customers**

One (2012: two) single external customer contributes more than 10% revenue of the Group. These revenues are attributable to the engineering, procurement and construction and equipment manufacturing segment. The revenue of the customers are summarised below:

	2013 HK\$'000	2012 HK\$'000
Customer A	554,824	N/A
Customer B	N/A	308,506
Customer C	N/A	207,650

### 3 Revenue and other income

Revenue represents consultancy and construction income, the net invoiced value of goods sold and other services rendered during the year.

An analysis of revenue and other income are as follows:

	2013 HK\$'000	2012 HK\$'000
Revenue	<u>1,882,610</u>	<u>1,099,819</u>
Other income		
Interest income	24,535	13,485
Subletting income	7,139	4,019
Government grants (Note)	11,481	6,267
Others	3,246	1,050
	<u>46,401</u>	<u>24,821</u>

Note:

For the year ended 31 December 2013, the Group obtained government grants of HK\$9,900,000 and recognised as income from the USA government to subsidise technical development and support.

For the year ended 31 December 2012, the Group obtained government grants of HK\$5,530,000 and recognised as income from the PRC government to subsidise for technical development and support.

### 4 Other gains, net and exchange gains, net

An analysis of other gains, net and exchange gains, net are as follows:

	2013 HK\$'000	2012 HK\$'000
Other gains, net		
Gain on businesses or assets contribution to JVs	-	127,132
Gain on disposal and partial disposal of JVs	137,881	51,330
(Loss)/gain on disposal of subsidiaries, net	(9,310)	26,549
Gain on partial disposal of a subsidiary	68	-
Gain on acquisition of subsidiaries	46,439	-
Net realised gains on disposal of financial assets at fair value through profit or loss	1,668	1,585
Gain on disposal of available-for-sale financial assets	458	-
Other professional fees	-	(6,542)
	<u>177,204</u>	<u>200,054</u>
Exchange gains, net		
Exchange gain on partial repayments of shareholders' loans	10,853	-
Others	(315)	38
	<u>10,538</u>	<u>38</u>

**5 Finance costs**

	2013 HK\$'000	2012 HK\$'000
Interest expenses:		
- Bank borrowings, wholly repayable within five years	8,040	14,432
- Bank borrowings, not wholly repayable within five years	36,115	5,871
- Guaranteed bond, wholly repayable within five years	67,330	65,682
	<u>111,485</u>	<u>85,985</u>
Less: Interest capitalised (Note)	(7,989)	-
	<u>103,496</u>	<u>85,985</u>

Note:

For the year ended 31 December 2013, borrowing costs have been capitalised at various applicable rates ranging from 6.14% to 7.11% per annum for qualifying assets classified as construction in progress under property, plant and equipment.

**6 Income tax expense**

	2013 HK\$'000	2012 HK\$'000
Current tax		
- PRC corporate income tax	37,227	39,710
- Withholding tax	4,535	3,923
- Adjustments in respect of prior years	1,074	31,894
	<u>42,836</u>	<u>75,527</u>
Deferred tax	(869)	(3,367)
	<u>41,967</u>	<u>72,160</u>

## 7 Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to equity holders of the Company (HK\$'000)	<u>151,117</u>	<u>40,386</u>
Weighted average number of ordinary shares in issue (thousands)	<u>7,427,168</u>	<u>7,393,595</u>
Basic earnings per share attributable to equity holders of the Company (HK cents per share)	<u>2.03</u>	<u>0.55</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The weighted average number of ordinary shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2013	2012
Profit used to determine diluted earnings per share (HK\$'000)	<u>151,117</u>	<u>40,386</u>
Weighted average number of ordinary shares in issue (thousands)	<u>7,427,168</u>	<u>7,393,595</u>
Adjustment for : - effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	<u>4,403</u>	<u>-</u>
Weighted average number of ordinary shares used to determine diluted earnings per share (thousands)	<u>7,431,571</u>	<u>7,393,595</u>
Diluted earnings per share attributable to equity holders of the Company (HK cents per share)	<u>2.03</u>	<u>0.55</u>

## 8 Dividend

The directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

## 9 Trade and bill receivables

	2013 HK\$'000	2012 HK\$'000
Trade receivables	526,457	353,042
Less: allowance for impairment of trade receivables	(10,176)	-
Trade receivables, net	<u>516,281</u>	<u>353,042</u>
Bill receivables	7,822	14,162
	<u>524,103</u>	<u>367,204</u>

As at 31 December 2013, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	2013 HK\$'000	2012 HK\$'000
Within 3 months	286,917	143,013
3 to 6 months	32,374	23,979
6 to 12 months	94,741	26,651
Over 1 year	98,726	143,463
Over 2 years	3,523	15,936
	<u>516,281</u>	<u>353,042</u>

The Group's credit terms granted to customers range from 30 to 180 days. On certain construction revenue and equipment sales projects, the Group generally grants project final acceptance period and retention period to its customers range from 1 to 2 years from the date of acceptance according to the sales agreements signed between the Group and customers.

The carrying amounts of trade and bill receivables approximate their fair values and majority of trade and bill receivables are denominated in Renminbi ("RMB").

## 10 Trade and bill payables

	2013 HK\$'000	2012 HK\$'000
Trade payables	1,304,735	698,856
Bill payables	-	308,935
	<u>1,304,735</u>	<u>1,007,791</u>



As at 31 December 2013, the ageing analysis of the trade payables, based on invoice date, was as follows:

	2013 HK\$'000	2012 HK\$'000
Within 3 months	402,631	469,466
3 to 6 months	323,216	62,995
6 to 12 months	154,609	110,014
Over 1 year	407,481	37,620
Over 2 years	16,798	18,761
	<u>1,304,735</u>	<u>698,856</u>

The carrying amounts of trade and bill payables approximate their fair values and majority of trade and bill payables are denominated in RMB.

## 11 Share capital

	2013 HK\$'000	2012 HK\$'000
Authorised:		
10,000,000,000 (2012: 10,000,000,000) ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
8,018,744,965 (2012: 7,393,594,965) ordinary shares of HK\$0.01 each	<u>80,187</u>	<u>73,936</u>

A summary of the transactions during the year with reference to the movements of the Company's ordinary share capital is as follows:

	No. of shares 000's	Nominal value HK\$'000
Authorised:		
As at 31 December 2013 and 2012: 10,000,000,000 ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
<b>As at 1 January 2013 and 2012: 7,393,594,965 ordinary shares of HK\$0.01 each</b>	7,393,595	73,936
Subscription of new ordinary shares of HK\$0.01 each (Note)	600,000	6,000
Issue of ordinary shares of HK\$0.01 each on exercise of share options	<u>25,150</u>	<u>251</u>
<b>As at 31 December 2013: 8,018,744,965 ordinary shares of HK\$0.01 each</b>	<u>8,018,745</u>	<u>80,187</u>

Note:

Pursuant to a subscription agreement executed by the Company on 13 December 2013, a total of 600,000,000 ordinary shares with par value HK\$0.01 each were issued at an issue price of HK\$0.44 per share, raising net proceeds of HK\$251,770,000.

## **12 Events after the balance sheet date**

The Group has entered into a sale and purchase agreement with a joint venture partner of the Group, Tianjin Deheng Investment Co., Ltd. (“Tianjin Deheng”), pursuant to which the Group acquired 30.14% equity interest in Tieling Century Concord Xingda Wind Power Co., Ltd. (“Tieling”), for a consideration of RMB 18,000,000 (equivalent to approximately HK\$22,880,000) on 15 January 2014. Upon the completion of the acquisition, on 21 February 2014, Tieling became a wholly-owned subsidiary of the Group.

The Group has completed the procedures for the de-registration of Fuxin Xieli Wind Power Co., Ltd (“Fuxin Xieli”) and Fuxin Gangneng Wind Power Co., Ltd (“Fuxin Gangneng”) on 13 January 2014. Upon the completion of the de-registration, Fuxin Xieli and Fuxin Gangneng ceased to be subsidiaries of the Group.

The Group and Huadian Fuxin Energy Corporation Limited (“Huadian Fuxin”), a joint stock limited company incorporated in the PRC, has entered into a subscription and business co-operation agreement, on 18 December 2013, that Huadian Fuxin subscribed for 880,000,000 new ordinary shares of HK\$0.01 each in the issued share capital of the Company at a subscription price of HK\$0.43 per share. The subscription was completed on 19 March 2014.

Save as disclosed above, there were no significant subsequent events after the balance sheet date up to the date of approval of the consolidated financial statements.

## **Management Discussion and Analysis**

### **I. Operating Environment**

In 2013, world economy continued to recover, but at an uneven recovery pace; the economic growth in developing countries was still much faster than the developed countries. In 2013, China maintained a steady economic growth, with an annual GDP of RMB56,884.5 billion representing a 7.7% increase compared to 2012, and total accumulated electricity consumption of 5,322.3 billion kWh, an increase of 7.5% compared to 2012.

In 2013, China continued to suffer from severe haze attack and environmental pollution had become a major livelihood issue. China attached more attention to the development of renewable energy and the State Council officially issued two important documents to plan for the future energy composition and enhance the proportion of renewable clean energy in the energy consumption structure. In January, "the 12<sup>th</sup> Five-Year Plan of Energy Development" was released, which proposed the "increasing of non-fossil energy consumption from 8.6% in 2010 to 11.4% in 2015" as a binding target. In September, the "Atmospheric Pollution Prevention Plan (2013-2017)" was issued to suggest raising the proportion of non-fossil energy consumption to 13% in 2017.

In addition, the Chinese government continued to introduce major policies and measures to address curtailment, grid connection, renewable energy tariff subsidies and other issues which constrained the development of renewable energy. In February, the National Energy Administration (NEA) issued "Notice on Better Executing Wind Power Grid Connection and Power Consumptive Related Work in 2013," which called for intensifying power consumptive research programs in resource-rich regions and supporting the strengthening of wind power grid construction to promptly resolve grid curtailment problem. In July, the State Council published the "Opinions on Promoting the Healthy Development of the Solar PV Industry" to encourage the development of distributed solar, orderly carry out the construction of solar power plants, and put forward requirements for the tariff subsidies and settlement processes. Subsequently, the Ministry of Finance issued "Notice on the Problems regarding Implementation of Distributed Solar in accordance with Power Subsidy Policy", refining the subsidy payment process, while requiring improvement in managing the pool of subsidies for the solar power plants and large-scale wind power plants and resolving the historical outstanding subsidy payments within a stated time. In September, the NEA sent out a notice stating that the grid consumptive conditions and electricity billing of wind power and solar power will be monitored in 10 provinces or municipalities through governing the implementation of the documents and regulations.

During the year, the Chinese government vigorously promoted the approvals and constructions of ultra-high voltage power (UHV) transmission line in Northwest, Inner Mongolia and other regions to improve the consumptive capacity of power grid for wind power through technological advancement; promoted the transmission of surplus wind power from Northeast Power Grid to North China Power Grid; and put forth the implementation of wind power heating and other projects, to effectively alleviate the grid curtailment problem.

Under the evolving industry environment, China's wind power industry maintained a steady growth and the solar power industry achieved a rapid development in 2013.

## **II. Business Review**

In 2013, the Group's consolidated revenue amounted to HK\$1,882,610,000 (2012: HK\$1,099,819,000), increased by 71.17% compared to last year; profit attributable to equity holders of the Company totaled HK\$151,117,000 (2012: HK\$40,386,000), increased by 274.18% compared to last year. The Group's basic earnings per share were 2.03 HK cents (2012: 0.55 HK cents). The Group's fully diluted earnings per share were 2.03 HK cents (2012: 0.55 cents).

At the end of 2013, the Group's net asset value totaled HK\$4,993,886,000 (2012: HK\$4,454,998,000) and its cash and cash equivalents were HK\$1,850,209,000 (2012: HK\$731,167,000).

### **(1) Power Plant Investment, Development and Operation Business**

#### **1) Power Plant Generations**

In 2013, the Group's power plants generated electricity output of 2,400.48 million kWh in total, up 17.5% compared to 2012, of which wind power generation was 2,258.55 million kWh and solar power generation was 141.93 million kWh. The output attributable to the Group was 1,146.26 million kWh, representing an increase of 14.8% compared to 2012. Attributable electricity output generated by wind power plants and solar power plants was 1,009.62 million kWh and 136.64 million kWh, respectively.

This year, the revenue from the Group's consolidated power plants was HK\$114,273,000 (2012: HK\$63,064,000) and the share of results of associates and jointly controlled power plants was HK\$63,266,000 (2012: HK\$38,753,000).

In 2013, the availability rate of wind turbines achieved 95.25% (2012: 97.06%). The weighted average utilization hours of the Group's wind power plants increased significantly to 1,871 hours (2012: 1,568 hours). The availability rate of the Group's solar power plants was 96.27% (2012: 99.12%), and the weighted average utilization hours were 1,551 hours (2012: 1,598 hours). The average grid curtailment rate of the Group's power plant was 17.6% (2012: 26.9%).

This year, the weighted average tariff rate of the Group's wind power plants was RMB0.5583/kWh (including VAT) (2012: RMB0.5704/kWh). The weighted average tariff rate of the Group's solar power plants was RMB1.169/kWh (including VAT) (2012: RMB1.271/kWh).

#### **2) Disposal of Equity Interests in Power Plants**

In 2013, the Group restructured and optimized asset structure, disposed several operational power plants and some power projects which were under development; at the same time, lower equity stake in certain power plants in the heavy curtailment areas. The Group achieved gain of HK\$178,109,000 (2012: HK\$205,011,000) from the disposals and restructuring.

#### **3) Newly Added Installed Capacity**

In 2013, there were 5 continued projects and 8 new projects under construction with capacity of 243MW and 311MW, respectively. The total under construction capacity was 554MW. The Group also had 7 new power plants commenced operation, with total capacity of 265MW and attributable capacity of 158MW; of which 4 were wind power plants with capacity of 194MW and attributable capacity of 87MW and 3 were wholly-owned solar power plants with capacity of 71MW.

As at the end of 2013, the Group had 35 grid-connected wind and solar power plants, with a total capacity of 1,526MW and attributable capacity of 702MW; of which 25 were wind power plants with total capacity of 1,355MW and attributable capacity of 548MW and 10 were solar power plants with total capacity of 171MW and attributable capacity of 154MW.

#### **4) Project Development and Resource Reserves**

In 2013, the Group obtained 16 final project approvals (total capacity of 740MW) from the provincial energy authorities, including 6 wind power projects with total capacity of 300MW and 10 solar power projects with total capacity of 440MW. These projects are located in central and southern regions with good construction and grid connection conditions, which are expected to generate good investment returns upon completion. At the end of 2013, the Group possessed 1,074MW of wind power project approvals and 420MW of solar power project approvals. These projects are expected to be built within the next two years.

According to the “Third Batch of Wind Farm Project Approvals under the 12<sup>th</sup> Five-Year Plan” issued by NEA, the Group got 18 wind power projects (total capacity of 880MW) enlisted in the third batch; 16 of which were in southern regions with good construction and grid connection conditions.

This year, the Group also attained initiation approvals for 14 power projects with total capacity of 500MW from the provincial energy authorities, which include 6 wind power projects with total capacity of 300MW and 8 solar power projects with total capacity of 200MW. By the end of 2013, the Group had obtained initial approvals for a total of 2,180MW wind and 520MW solar power projects and is actively applying for the final approvals.

In 2013, the Group signed 1,550MW wind power and 1,410MW solar power exclusive development right agreements. As at the end of 2013, the Group’s wind resources amounted to over 28GW and solar power resources totaled to 6.5GW, which ensure the sustainable development of the Group.

#### **5) Clean Develop Mechanism (CDM) Development**

The European economic crisis has led to shrinkage in the carbon credit market, thus CERs prices remained low and the default risk by the buyer had increased significantly. In 2013, the Group made an impairment on all outstanding CDM accounts receivable from the associates or jointly controlled power plants and the total impairment loss was HK\$76,165,000 (2012: HK\$37,598,000).

#### **6) Financing**

In 2013, the Group continued to deepen cooperation with large financial institutions, the ability to provide financing guarantee was further recognized. Several on-shore banks have provided a hefty credit line to support the Group’s development of wholly owned power projects. At the same time, the Group also introduced a strategic partner and raised equity capital to strengthen the Group’s cash flow and balance sheet. Capital raised will be used for the development and construction of the Group’s wholly-owned power projects.

In 2013, the Group’s wholly owned subsidiaries, associates and joint ventures obtained additional HK\$3,093,000,000 loans from various financial institutions, in which HK\$2,127,000,000 is off balance sheet under the Group’s associates and joint ventures.

#### **(2) Renewable Energy Service Business**

In 2013, the number of projects undertaken by EPC segment increased and mostly as a “total solution” contract, which include the complete package of design, consultancy, equipment supply, procurement and construction. Thus, the revenue grew substantially, but overall profit margin was low due to minimal profit margin in the equipment supply and procurement businesses. Also, in the meantime, the Group combined the equipment manufacturing and EPC segments and generated some human resources and other redundancy costs.

### **1) Engineering, Procurement & Construction (EPC)**

In 2013, the Group's EPC companies undertook 16 external and internal EPC projects with a total capacity of 854MW, completed 12 equipment procurement projects (610MW) and finished 224 feasibilities studies and various design consultancy services to internal and external customers.

During the year, the Group's EPC companies undertook 300MW wind power EPC project for China Power Investment Group's Huolinhe recycling economy demonstration project and Huaneng New Energy Co. Limited's 100MW solar power EPC project. Of which, 200MW of the wind power plants and 100MW solar power plant commenced operation as agreed in the contracts.

During the year, the Group's design company passed the review by China Consulting Association and was awarded the qualification of "Qualified Engineering Consulting Unit Class B" and project management certification; fulfilled the ISO9001 quality management system audit and obtained "Quality Management System Certification"; and satisfied the high-tech enterprise qualification review for the "high-tech enterprise certificate".

During the year, the Group's EPC company generated a total revenue of HK\$1,643,670,000 (2012: HK\$907,441,000).

### **2) Power Plant Operation and Maintenance (O&M)**

In 2013, the Group's power plant O&M companies focused on strengthening the operating and overhaul capabilities. The power plants under the O&M contract operated stably and exceeded the annual power generation plan. Equipment availability, failure numbers and other indicators were within controllable range. There were no personal injuries, major equipment or fire accidents, nor any environmental pollutants or events that would impact the normal operation of the power grid. We were able to maintain a steady production in a safe environment. Meanwhile, the O&M companies actively undertook regular inspection and maintenance services to external power plants; provided equipment preventive tests, technical renovation overhaul, wind power forecast and other services to internal and external power plants.

In 2013, the Group's O&M unit had provided service to 43 wind and solar power plants, 10 of which were to external wind and solar power plants. In addition, 20 scheduled inspection service contracts were signed with turbine manufacturers, and 15 service contracts for preventive tests, technical renovation overhaul and wind power forecast were signed with power plants.

In 2013, the O&M business segment contributed revenue of HK\$124,667,000 (2012: HK\$129,314,000).

### **III. Liquidity and Financial Resources**

As at 31 December 2013, the Group had cash and cash equivalents of approximately HK\$1,850,209,000(2012: HK\$731,167,000). As at that date, the current ratio was 1.18 times (31 December 2012: 1.69 times), gearing ratio (long term debt divided by owner's equity) was 0.26 (31 December 2012:0.30). At the end of the reporting period, the Group's borrowings amounted to HK\$2,330,192,000 (31 December 2012: HK\$1,382,087,000), and the consolidated net assets of the Group stood at HK\$4,993,886,000 (31 December 2012: HK\$4,454,998,000).

### **(1) Foreign Exchange Risk**

In 2013, the Group's principal businesses (including capital expenditures) were dominated in Renminbi. The Group did not engage in the use of any financial instruments for hedging purpose.

### **(2) Charge of Asset**

As of 31 December 2013, equipment of the Group was pledged as security for outstanding loan of RMB993,846,000.

### **(3) Contingent Liability**

The Group has pledged its share of equity interests of one joint ventures (2012:5) with total value of its share of registered capital held by the Group amounted to HK\$47,365,000 (2012: HK\$341,913,000) as security for the bank loans of joint ventures.

Gansu Guazhou Century Concord Wind Power Co., Ltd. ("Guazhou"), a joint venture of the Group, signed a loan agreement with total amount of US\$140,000,000 with International Finance Corporation ("IFC"). As at 31 December 2013, IFC lent US\$99,556,000 to Guazhou. Pursuant to the guarantee agreement signed with IFC, the Group has provided the corporate guarantee to IFC and pledged its subsidiary's 49% equity interests of Guazhou company, with total value of HK\$417,014,000 (2012: HK\$404,427,000).

The Group provided RMB300 million guaranteed loans for Jianghua Yao Autonomous County Century Concord Wind Power Co., Limited, a joint venture of the Group. As at 31 December 2013, withdrawal amounted to RMB180,000,000.

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2013.

### **(4) Commitments**

As at 31 December 2013, the Group had capital commitments of HK\$841,973,000 (2012: HK\$566,434,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK\$582,590,000 (2012: HK\$343,892,000) and capital committed for the payment for equipment purchased by subordinate project companies of HK\$259,383,000 (2012: HK\$222,542,000).

## **IV. Staff and Remuneration**

As at 31 December 2013, the Group had 1,148 (31 December 2012: 1,586) full-time employees—105 for the Group's headquarter, 378 for project development and management, 219 for EPC and 446 for O&M.

During the year, the staff cost was HK\$149,965,000 (2012: HK\$157,349,000), representing a 4.69 % drop compared to 2012.

## **V. Social Responsibility and Environmental Protection**

The Group attached great importance to social responsibility and concern for employee's occupational health, safety and working ability advancement. The Group continuously provided university financial aids to wind power education and improved economic and education levels in underprivileged areas. The Group dedicates to develop renewable energies so as to reduce environmental pollution and the impact of climate change and to achieve a sustainable economic development.

In 2013, the Group's Zhangdong wind power plants ranked number 4 out of 70 in the grid-friendly wind power plants contest organized by Liaoning Power Grid Company and was granted the "friendly wind farm" title.

The Group has made eminent progress in emission reduction through its investment in wind and solar power projects. During the year, the Group's wind and solar power plants reduced carbon dioxide emissions by 2,490,000 tons, sulfur dioxide emission by 24,568 tons, and nitrogen oxide emission by 2,179 tons. Moreover, in contrast to coal-fired thermal plants, the Group's wind and solar power plants saved 837,400 tons of standard coal and 6,954,800 tons of water. At the end of the year, the Group's wind and solar power plants had cumulatively reduced carbon dioxide emission by 8,220,000 tons, sulfur dioxide emission by 81,622 tons, and nitrogen oxide emission by 7,224 tons. They had saved 2,779,500 equivalent tons of standard coal and 23,055,600 tons of water.

## **VI. Prospect**

Clean renewable energy, including hydropower, wind power, nuclear power and solar power, will be the main direction in the adjustment of energy structure. The technologies of wind and solar power are maturing and becoming more commercial, thus will be the two major forces in the renewable energy development. Under the pressure of energy conservation globally and rectifying atmospheric haze in China, the growth in proportion of renewable energy in the energy consumption structure will be long-term and sustainable, bringing long-term benefits to the development of wind and solar power.

In 2014, China will continue to enhance the support for wind power and solar power generation, mainly to resolve grid curtailment; instruct timely payment of the renewable energy subsidies; and strengthen construction of power transmission lines. The operating 800kV Hami-Zhengzhou UHV DC transmission line will effectively improve the transmission capacity of renewable energy power in Northwest region. The Jiuquan-Hunan, West Inner Mongolia-Changsha, Ximeng-Taizhou, UHV transmission lines that are planned for the transmissions of renewable energy will commence construction successively. In the national energy conference held in January 2014, China planned to install 18GW wind power capacity and 14GW solar power capacity in the year. Renewable energy will experience another bright and promising development period and the Group is faced with a favorable growth opportunity ahead.

In 2014, the Group will strive to achieve the following operational goals:

- 1) Increase efforts in project approvals and accelerate investments and constructions of wind power projects in the South and solar power projects.
- 2) Strengthen safety production and raise power plants profitability through implementing accountability of safety production at all levels, carrying out thorough inspection to eliminate all hazards and defects, focusing more on failure analysis and spare parts management; and lowering production cost while uplifting operation efficiency, so as to ensure a stable growth in power generation and returns in power plants.



- 3) Advance the ability of EPC companies to expand into external business and ensure constructions complete punctually; take full advantage of the capability of design company to improve equipment selection and design optimization, etc; maintain good relationships with suppliers through the procurement company so as to lower costs and ensure quality; and conduct more through construction preparation by ensuring the construction schedule and quality and by evaluating construction conditions in advance.
- 4) Continue to restructure and optimize asset composition by accelerating the disposal and replacement of existing assets in areas with severe grid curtailment or with potential curtailment risk and disposing inefficient assets while revitalizing the idle assets.
- 5) Continue to maintain good cooperation relations with China Power Investment, Huaneng Renewable, China Huadian and other large power companies and co-develop more projects.
- 6) Continue to implement various measures to improve management efficiency and control costs; advance management of development, construction, production, operation and maintenance; enhance corporate standardized management such as project management, information management, and system establishment; promote reform of rewards, punishments and incentives system; conduct audit and risk management and optimize organization and human resources structure.

In the coming year, the Group will work hard, seize the opportunity and achieve promising results at the back of a strong growth momentum to reward the support of shareholders.

#### **SCOPE OF WORK OF INDEPENDENT AUDITOR**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's independent auditor, PricewaterhouseCoopers Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers Hong Kong 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 PricewaterhouseCoopers Hong Kong on the preliminary announcement.

#### **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

#### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Throughout the year ended 31 December 2013, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules, except for the following deviation:

##### **Code Provision A.2.1**

There was no separation of the role of the chairman ("Chairman") and chief executive officer ("CEO") of the Company as set out in the Code Provision A.2.1 until 12 November 2013. Mr. Yang Zhifeng, the executive director of the Company, was already appointed as the CEO of the Company with effect from 12 November 2013. Since 12 November 2013, the roles of the Chairman and CEO have been segregated and exercised by different individuals. Therefore, the Company has complied with the Code Provision A.2.1.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) set out in Appendix 10 to the Listing Rules.

Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

## **AUDIT COMMITTEE**

As at 31 December 2013, the Audit Committee comprises two independent non-executive directors, Dr. Wong Yau Kar, David, BBS, JP and Mr. Yap Fat Suan, Henry, and one non-executive director, Mr. Tsoi Tong Hoo, Tony. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee.

From 21 January 2014, Mr. Tsoi Tong Hoo, Tony has resigned as a non-executive director and a member of the Audit Committee, and Ms. Huang Jian has been appointed as a member of the Audit Committee. The Audit Committee now comprises three independent non-executive directors, Dr. Wong Yau Kar, David, BBS, JP, Mr. Yap Fat Suan, Henry and Ms. Huang Jian. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee.

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Group’s consolidated financial statements for the year ended 31 December 2013 have been reviewed by the Audit Committee.

## **APPRECIATION**

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and business partners for their continuous support.

For and on behalf of  
CHINA WINDPOWER GROUP LIMITED  
**Liu Shunxing**  
Chairman  
Hong Kong, 20 March 2014

*As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Mr. Ko Chun Shun, Johnson (Vice Chairman), Mr. Yang Zhifeng (Chief Executive Officer), Mr. Wang Xun, Ms. Liu Jianhong, Mr. Yu Weizhou, Mr. Zhou Zhizhong, Ms. Ko Wing Yan, Samantha (who are executive directors), and Dr. Wong Yau Kar, David, BBS, JP, Mr. Yap Fat Suan, Henry, Dr. Shang Li and Ms. Huang Jian (who are independent non-executive directors).*