中国大唐集团新能源股份有限公司
China Datang Corporation Renewable Power Co., Limited*

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

**(Stock Code: 01798)**

# Final Results Announcement for the Year ended December 31, 2012

## FINANCIAL HIGHLIGHTS

- For the year ended December 31, 2012, revenue amounted to RMB4,368.0 million, representing an increase of 14.08% over last year.
- For the year ended December 31, 2012, profit before taxation amounted to RMB176.3 million, representing a decrease of 82.46% from last year.
- For the year ended December 31, 2012, net profit attributable to the equity holders of the Company amounted to RMB112.1 million, representing a decrease of 84.63% from last year.
- For the year ended December 31, 2012, basic earnings per share for profit attributable to equity holders of the Company amounted to RMB0.0154, representing a decrease of 84.77% from last year.

The board of directors (the "**Board**") of China Datang Corporation Renewable Power Co., Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2012, together with comparative figures for 2011. The Company's financial information for the year ended December 31, 2012 in this announcement was based on the Company's consolidated financial statements, which were prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements under the Hong Kong Companies Ordinance.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED DECEMBER 31, 2012*

*(All amounts are in thousands of RMB unless otherwise stated)*

| | | Year ended December 31, | |
|---|---|---|---|
| | *Note* | **2012** | 2011 |
| **Revenue** | 2 | **4,368,015** | 3,828,808 |
| **Other income and other gains-net** | 3 | **277,394** | 518,350 |
| Depreciation and amortization | | **(1,856,660)** | (1,360,819) |
| Service concession construction costs | | **(8,150)** | (24,249) |
| Labour costs | | **(264,939)** | (187,749) |
| Repairs and maintenance | | **(83,113)** | (69,466) |
| Material costs | | **(23,757)** | (30,091) |
| Other operating expenses | | **(294,372)** | (245,803) |
| | | **(2,530,991)** | (1,918,177) |
| **Operating profit** | | **2,114,418** | 2,428,981 |
| Finance income | | **40,980** | 10,852 |
| Finance expenses | | **(1,973,733)** | (1,442,166) |
| Net finance expenses | 4 | **(1,932,753)** | (1,431,314) |
| Share of loss of associates | | **(6,086)** | (7,421) |
| Share of profit of a jointly controlled entity | | **758** | 15,012 |
| | | **(5,328)** | 7,591 |
| **Profit before taxation** | | **176,337** | 1,005,258 |
| Income tax benefit/(expense) | 5 | **10,217** | (34,954) |
| **Profit for the year** | | **186,554** | 970,304 |

| | Note | Year ended December 31, 2012 | 2011 |
|---|---|---|---|
| **Other comprehensive loss** | | | |
| Change in value of available-for-sale investments | | **—** | (73,920) |
| Loss arising on revaluation of financial assets at fair value through other comprehensive income | | **(98,906)** | — |
| Currency translation differences | | **762** | (1,775) |
| **Total other comprehensive loss for the year** | | **(98,144)** | (75,695) |
| **Total comprehensive income for the year** | | **88,410** | 894,609 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **112,148** | 729,842 |
| Non-controlling interests | | **74,406** | 240,462 |
| | | **186,554** | 970,304 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **14,447** | 654,147 |
| Non-controlling interests | | **73,963** | 240,462 |
| | | **88,410** | 894,609 |
| Basic and diluted earnings per share for profit attributable to equity holders of the Company *(expressed in RMB per share)* | 6 | **0.0154** | 0.1011 |
| Dividends | 7 | **167,295** | 283,674 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT DECEMBER 31, 2012*

*(All amounts are in thousands of RMB unless otherwise stated)*

| | *Note* | **As at December 31, 2012** | As at December 31, 2011 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **44,854,540** | 41,111,111 |
| Intangible assets | | **416,941** | 422,237 |
| Land use rights | | **333,986** | 301,043 |
| Investment in associates | | **227,244** | 28,430 |
| Investment in a jointly controlled entity | | **50,758** | 55,012 |
| Available-for-sale investments | | **—** | 433,386 |
| Financial assets at fair value through other comprehensive income | | **334,480** | — |
| Deferred income tax assets | | **30,057** | 7,959 |
| Other non-current assets | | **2,762,530** | 2,615,897 |
| **Total non-current assets** | | **49,010,536** | 44,975,075 |
| **Current assets** | | | |
| Inventories | | **14,207** | 12,464 |
| Trade and bills receivable | 8 | **3,034,519** | 2,693,738 |
| Prepayments, other receivables and other current assets | | **2,168,494** | 2,395,409 |
| Financial assets at fair value through profit or loss | | **16,470** | — |
| Current income tax prepayments | | **24,522** | 14,995 |
| Restricted cash | | **10,090** | 28,800 |
| Cash and cash equivalents | | **2,103,829** | 4,162,424 |
| **Total current assets** | | **7,372,131** | 9,307,830 |
| **Total assets** | | **56,382,667** | 54,282,905 |

| | Note | As at December 31, 2012 | 2011 |
|---|---|---|---|
| **Equity** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | | **7,273,701** | 7,273,701 |
| Share premium | | **2,080,969** | 2,080,969 |
| Other reserves | | **(1,667,986)** | (1,607,823) |
| Retained earnings | | | |
| — proposed final dividend | 7 | **167,295** | 283,674 |
| — others | | **961,750** | 1,058,127 |
| | | **8,815,729** | 9,088,648 |
| **Non-controlling interests** | | **2,680,917** | 2,647,019 |
| **Total equity** | | **11,496,646** | 11,735,667 |
| **Non-current liabilities** | | | |
| Borrowings | | **32,705,212** | 29,514,045 |
| Deferred income tax liabilities | | **32,663** | 59,932 |
| Other non-current liabilities | | **184,290** | 143,165 |
| **Total non-current liabilities** | | **32,922,165** | 29,717,142 |
| **Current liabilities** | | | |
| Borrowings | | **5,456,633** | 5,667,269 |
| Trade and bills payable | 9 | **637,297** | 503,708 |
| Current income tax liabilities | | **23,697** | 22,256 |
| Other payables | | **5,846,229** | 6,636,863 |
| **Total current liabilities** | | **11,963,856** | 12,830,096 |
| **Total liabilities** | | **44,886,021** | 42,547,238 |
| **Total equity and liabilities** | | **56,382,667** | 54,282,905 |
| **Net current liabilities** | | **(4,591,725)** | (3,522,266) |
| **Total assets less current liabilities** | | **44,418,811** | 41,452,809 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED DECEMBER 31, 2012*

*(All amounts are in thousands of RMB unless otherwise stated)*

| | Equity attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Other reserves | Retained earnings | Total | Non-controlling interests | Total equity |
| **At January 1, 2011** | 7,142,610 | 1,971,884 | (1,442,011) | 680,259 | 8,352,742 | 2,197,650 | 10,550,392 |
| **Comprehensive income** | | | | | | | |
| Profit for the year | — | — | — | 729,842 | 729,842 | 240,462 | 970,304 |
| **Other comprehensive loss** | | | | | | | |
| — Change in value of available-for-sale investments | — | — | (73,920) | — | (73,920) | — | (73,920) |
| — Currency translation differences | — | — | (1,775) | — | (1,775) | — | (1,775) |
| **Total comprehensive income** | — | — | (75,695) | 729,842 | 654,147 | 240,462 | 894,609 |
| **Transaction with owners** | | | | | | | |
| Issuance of shares, net of issuance costs | 131,091 | 109,085 | — | — | 240,176 | — | 240,176 |
| Acquisition of non-controlling interests of subsidiaries | — | — | 14,027 | — | 14,027 | (73,205) | (59,178) |
| Acquisition of subsidiaries | — | — | — | — | — | 57,093 | 57,093 |
| Common controlled business combination — capital contributions by the then equity owners | — | — | 40,000 | — | 40,000 | — | 40,000 |
| Common controlled business combinations — considerations by the Company | — | — | (204,000) | — | (204,000) | — | (204,000) |
| Capital contributions | — | — | 40 | — | 40 | 396,579 | 396,619 |
| Appropriations | | | | | | | |
| — reserves | — | — | 59,816 | (59,816) | — | — | — |
| — others | — | — | — | (8,484) | (8,484) | (5,656) | (14,140) |
| Dividends declared by subsidiaries | — | — | — | — | — | (165,904) | (165,904) |
| **Total transaction with owners** | 131,091 | 109,085 | (90,117) | (68,300) | 81,759 | 208,907 | 290,666 |
| **At December 31, 2011** | 7,273,701 | 2,080,969 | (1,607,823) | 1,341,801 | 9,088,648 | 2,647,019 | 11,735,667 |

| | Equity attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Other reserves | Retained earnings | Total | Non-controlling interests | Total equity |
| **At January 1, 2012** | 7,273,701 | 2,080,969 | (1,607,823) | 1,341,801 | 9,088,648 | 2,647,019 | 11,735,667 |
| **Comprehensive income** | | | | | | | |
| Profit for the year | — | — | — | 112,148 | 112,148 | 74,406 | 186,554 |
| **Other comprehensive loss** | | | | | | | |
| — Change in fair value of financial assets at fair value through other comprehensive income | — | — | (98,906) | — | (98,906) | — | (98,906) |
| — Currency translation differences | — | — | 1,205 | — | 1,205 | (443) | 762 |
| **Total comprehensive income** | — | — | (97,701) | 112,148 | 14,447 | 73,963 | 88,410 |
| **Transaction with owners** | | | | | | | |
| Acquisition of non-controlling interests of subsidiaries | — | — | — | (508) | (508) | 508 | — |
| Acquisition of subsidiaries *(Note 11)* | — | — | — | — | — | 42,000 | 42,000 |
| Capital contributions | — | — | — | — | — | 133,820 | 133,820 |
| Appropriations | | | | | | | |
| — reserves | — | — | 37,538 | (37,538) | — | — | — |
| – others | — | — | — | (3,184) | (3,184) | (2,113) | (5,297) |
| Dividends | — | — | — | (283,674) | (283,674) | (214,280) | (497,954) |
| **Total transaction with owners** | — | — | 37,538 | (324,904) | (287,366) | (40,065) | (327,431) |
| **At December 31, 2012** | 7,273,701 | 2,080,969 | (1,667,986) | 1,129,045 | 8,815,729 | 2,680,917 | 11,496,646 |

*NOTES:*

*(All amounts are in thousands of RMB unless otherwise stated)*

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). These consolidate financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are carried by fair value.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 1.1 Going concern

At December 31, 2012, the Group's current liabilities exceeded its current assets by approximately RMB4,591.7 million (2011: RMB3,522.3 million). The Group meets its day to day working capital requirements through its bank facilities. At December 31, 2012, the Group has committed unutilized banking facilities amounting to approximately RMB44,106.8 million, of which approximately RMB22,251.2 million are subjected to renewal during the next 12 months from the date the Group's financial statements are approved and certain banking facilities require the Group to comply with certain covenants.

The directors of the Company are in their opinion that such covenants and requirements have been complied with and expect that the Group will continue complying with these requirements and covenants. The directors of the Company is confident that these banking facilities will continue to be available to the Group and will be renewed or replaced when they expire.

Based on its assessment, the Board of the Company is confident that the Group has adequate resources to continue in operational existence for the foreseeable future not less than 12 months from the date of these financial statements were approved. The Group therefore continues to adopt the going concern basis in preparing these financial statements.

## 1.2 Changes in accounting policy and disclosures

### *(a) New and amended standards adopted by the Group*

During the year, the Group adopted the following new standard for the first time for the financial year beginning January 1, 2012:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit and loss, unless this creates an accounting mismatch. Adoption of IFRS 9 is mandatory from January 1, 2015, but earlier adoption is permitted.

The Group has early adopted IFRS 9 from January 1, 2012, as well as the related consequential amendments to other IFRSs, because this new accounting policy provides reliable and more relevant information for users to assess the amounts, timing and uncertainty of future cash flows. In accordance with the transition provisions of the standard, comparative figures have not been restated.

The Group's management has assessed the financial assets held by the Group at the date of initial application of IFRS 9 (January 1, 2012). The main effects resulting from this assessment were:

(i) Equity investments not held for trading that were previously measured at fair value and classified as available-for-sale financial assets amounted to RMB433.4 million have been designated as at fair value through other comprehensive income. As a result, fair value losses of RMB73.9 million were reclassified from the available-for-sale investments reserve to the investments revaluation reserve, both are being classified as other reserves, at January 1, 2012.

(ii) There was no impact on the Group's financial liabilities as the Group does not have any financial liabilities where the fair value option is taken.

(iii) There was no difference between the previous carrying amount (IAS 39) and the revised carrying amount (IFRS 9) of other financial assets at January 1, 2012 to be recognized in opening retained earnings. There is no impact on earnings per share from this change in accounting policy.

### *(b) New standards and interpretations not effective for the financial year beginning January 1, 2012 and not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendment to IAS 1, 'Financial statement presentation'
- IFRS 10, 'Consolidated financial statements'
- IFRS 11, 'Joint arrangements'
- IFRS 12, 'Disclosures of interests in other entities'
- IFRS 13, 'Fair value measurement'
- IAS 19, 'Employee benefits'
- IAS 27 (revised 2011), 'Separate financial statements'
- IAS 28 (revised 2011), 'Associates and joint ventures'
- Amendment to IFRS 7 'Financial instruments: Disclosures'
- Amendment to IAS 32 'Financial instruments: Presentation'

The Group has already commenced an assessment of the related impact of the above new standards to the Group's financial statements and is not expecting any significant impact to the Group's financial position and results. There are no other new standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

## 2. REVENUE AND SEGMENT INFORMATION

### (a) Analysis of revenue by category

The amount of each significant category of revenue recognized during the year is as follows:

| | Year ended December 31, | |
|---|---|---|
| | **2012** | 2011 |
| Sales of electricity | **4,275,351** | 3,656,207 |
| Service concession construction revenue | **8,150** | 24,249 |
| Other revenue *(Note)* | **84,514** | 148,352 |
| | **4,368,015** | 3,828,808 |

*Note:*

In March 2011, the Company, through a subsidiary, respectively entered into an agreement with two third-party wind turbine manufacturers which allows them to install and test certain offshore wind turbine prototype in the Group's offshore wind farm project premise for a period from that date of the agreement to the completion of the relevant testing of the prototype. The manufacturers are required to provide all necessary funding to construct and build the necessary facilities on the project site in order to install the relevant wind turbines for the purpose to carry out the relevant research and development activities. In this connection, the Group agreed to organize and provide certain administrative service for these construction activities. Upon completion of the contract, the Group has to acquire the installed wind turbines and the relevant infrastructure built if the wind turbine prototype successfully obtained certain qualification and approved by Germanischer Lloyd. Alternatively, if the wind turbine manufacturers cannot obtain the aforementioned approval, they are required to demolish the relevant infrastructure built and reinstate the project site. In return, all tariff revenue arising from the electricity generated during the contract period is attributable to the Group.

During the year ended December 31, 2012, tariff revenue arising from the electricity generated from the installed wind turbines amounting to RMB18.2 million (2011: nil) and was recognized as other revenues.

Apart from the above, other revenue represented primarily revenue from the provision of repairs and maintenance service to third party wind farms.

**(b) Segmentation information**

Management has determined the operating segments based on the information reviewed by the Executive Management for the purposes of allocating resources and assessing performance.

The Executive Management considers the performance of all business on consolidated basis as all other renewable power except wind power are relatively insignificant for 2012 and 2011. Therefore, the Group has one single reportable segment which is wind power segment.

The Company is domiciled in the PRC. During the year ended December 31, 2012 , all (2011: all) the Group's revenue are derived from external customers in the PRC.

At December 31, 2012, substantially all (2011: substantially all) the non-current assets are located in the PRC (including Hong Kong).

For the year ended December 31, 2012, all (2011: all) revenue from the sales of electricity is charged to the provincial power grid companies in which the Group companies are operated. These power grid companies are directly or indirectly owned or controlled by the PRC government.

## 3. OTHER INCOME AND OTHER GAINS-NET

| | Year ended December 31, | |
|---|---|---|
| | **2012** | 2011 |
| Income from CDM projects | **94,710** | 370,800 |
| Foreign exchange gains/(losses) in relation to receivables from CDM projects | **18,859** | (46,711) |
| Provision for impairment of CDM assets | **(34,068)** | — |
| | **79,501** | 324,089 |
| Government grants | **133,556** | 184,911 |
| Compensation income from wind turbine suppliers *(Note (i))* | **37,963** | — |
| Payment discount from wind turbine suppliers *(Note (ii))* | **20,000** | — |
| Others | **6,374** | 9,350 |
| | **277,394** | 518,350 |

*Notes:*

(i) Compensation income from wind turbine suppliers mainly represented compensation from certain third party wind turbine suppliers for revenue losses incurred due to the delay on maintenance services of the wind turbines and certain domestic spare parts of the wind turbines not running stably during the period within the relevant manufacturer warranty period.

(ii) Payment discount from wind turbine suppliers represented discount granted by certain third party wind turbine suppliers in connection with settlement agreements agreed between the parties.

## 4. FINANCE INCOME AND EXPENSES

| | Year ended December 31, | |
|---|---|---|
| | **2012** | 2011 |
| **Finance income** | | |
| Interest income on deposits with banks and other financial institutions | **29,940** | 10,852 |
| Unwinding of discount on long-term receivables | **11,040** | — |
| | **40,980** | 10,852 |
| **Finance expenses** | | |
| Interest expenses | **(2,343,044)** | (1,758,560) |
| Less: interest expenses capitalized into property, plant and equipment | **368,236** | 430,360 |
| | **(1,974,808)** | (1,328,200) |
| Foreign exchange gains/(losses), net | **1,075** | (113,966) |
| | **(1,973,733)** | (1,442,166) |
| **Net finance expenses** | **(1,932,753)** | (1,431,314) |
| Interest capitalization rate | **5.80% to 7.13%** | 5.35% to 7.05% |

## 5. INCOME TAX (BENEFIT)/EXPENSE

| | Year ended December 31, | |
|---|---|---|
| | **2012** | 2011 |
| **Current tax expense** | | |
| PRC enterprise income tax | **36,933** | 35,448 |
| Under-provision in respect of prior years | **2,217** | — |
| | **39,150** | 35,448 |
| **Deferred tax (benefit)/expense** | | |
| Tax credits entitlement *(Note (i))* | **(29,042)** | — |
| Impact of change in applicable tax rate *(Note (ii))* | **(26,206)** | — |
| Origination and reversal of other temporary differences | **5,881** | (494) |
| **Income tax (benefit)/expense** | **(10,217)** | 34,954 |

*Notes:*

(i) Before 2012, public infrastructure projects approved after January 1, 2008 is entitled to "three-year exemption and three-year 50% reduction" preferential treatment commencing from the first year it generates operating income. Pursuant to CaiShui (2012) 10 document promulgated by Ministry of Finance and State Administration of Taxation on January 12, 2012, public infrastructure projects approved before December 31, 2007, which were previously not qualified, are now entitled to the preferential tax treatment starting from January 1, 2008 until respective expiration dates. In this connection, a subsidiary of the Company has obtained the approval from the relevant tax authority to reduce its future income tax liabilities. Accordingly, a deferred tax asset amounting to RMB29.0 million was recognized with respect to tax paid during 2008 to 2011.

(ii) In 2012, certain subsidiaries of the Company located in western region obtained the approval from relevant tax jurisdiction to continue enjoying the preferential income tax rate of 15%, together with a "two-year tax exemption and three-year 50% reduction" preferential policy until respective expiration dates.

In 2012, except for certain subsidiaries incorporated in the PRC which were exempted or entitled to preferential rates of 7.5% to 12.5% (2011: 7.5% to 12.5%), all other subsidiaries incorporated in the PRC are subjected to income tax rate of 25% (2011: 25%). Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the counties in which the Group operates.

In 2012, the jointly controlled entity and associates are subjected to income tax rate of 25% (2011: 25%), and the share of income tax expense of jointly controlled entities and associates of RMB0.3 million (2011: RMB5.0 million) and RMB1.8 million (2011: RMB0.2 million) were included in 'share of profit of a jointly controlled entity' and 'share of loss of associates', respectively.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

| | **Year ended December 31,** | |
|---|---|---|
| | **2012** | 2011 |
| Profit before taxation | **176,337** | 1,005,258 |
| Taxation calculated at the statutory tax rate | **44,050** | 251,315 |
| Income tax effects of: | | |
| — Preferential income tax treatments | **(61,248)** | (246,688) |
| — Re-measurement of deferred tax – change in applicable tax rate | **(26,206)** | — |
| — Income not subject to tax | **(2,295)** | — |
| — Expenses not deductible for tax purpose | **4,500** | 2,049 |
| — Tax losses for which no deferred income tax asset was recognized | **60,364** | 34,076 |
| — Income tax refunds *(Note (i))* | **(2,557)** | (5,798) |
| — Tax credits entitlement | **(29,042)** | — |
| — Under-provision in respect of prior years | **2,217** | — |
| | **(10,217)** | 34,954 |
| Weighted average effective income tax rate *(Note (ii))* | **-5.79%** | 3.48% |

*Notes:*

(i) Income tax refunds represented refund of PRC enterprise income tax after the approval of preferential tax rates from the relevant tax authorities after the respective balance sheet dates.

(ii) The changes in weighted average effective income tax rate were primarily caused by certain tax losses for which no deferred income tax assets were recognized, impact of change in applicable income tax rates, tax credits entitlement, and the fluctuation in profitability of certain subsidiaries of the Company located in regions with preferential income tax rate as well as initiation and expiration of tax benefit of other subsidiaries of the Company.

## 6. EARNINGS PER SHARE

### (a) Basic earnings per share

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:

| | Year ended December 31, | |
|---|---|---|
| | **2012** | 2011 |
| Profit attributable to equity holders of the Company | **112,148** | 729,842 |
| Weighted average number of ordinary shares issued (thousands of shares) | **7,273,701** | 7,219,828 |
| Basic earnings per share for profit attributable to the equity holders of the Company *(RMB)* | **0.0154** | 0.1011 |

### (b) Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2012 and 2011 is the same as the basic earnings per share as there are no dilutive potential shares.

## 7. DIVIDENDS

A final dividend for the year ended December 31, 2011 of RMB0.039 per share, amounting to RMB283.7 million was declared and approved by the shareholders on May 8, 2012, and was fully paid in July 2012.

A dividend in respect of the year ended December 31, 2012 of RMB0.023 per share, amounting to a total dividend of RMB167.3 million is to be proposed by the Board at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

| | **Year ended December 31,** | |
|---|---|---|
| | **2012** | 2011 |
| 2011 dividend paid of RMB0.039 (2011: RMB nil) per share | **283,674** | — |
| Proposed final dividend of RMB0.023 (2011: RMB0.039) per share | **167,295** | 283,674 |
| | **450,969** | 283,674 |

## 8. TRADE AND BILLS RECEIVABLE

| | At December 31, 2012 | 2011 |
|---|---|---|
| Trade receivables | **2,924,698** | 2,683,858 |
| Bills receivable | **109,821** | 9,880 |
| | **3,034,519** | 2,693,738 |
| Less: provision for doubtful debts | **—** | — |
| | **3,034,519** | 2,693,738 |

Trade and bills receivable primarily represent receivables from regional or provincial grid companies for tariff revenue. These receivables are unsecured and non-interest bearing. The carrying amounts of the Group's trade and bills receivable are all denominated in RMB.

For trade and bills receivable arising from tariff revenue, the Group usually grant credit period of approximately one month to local power grid companies from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective local grid companies.

Aging analysis of trade and bills receivable was as follows:

| | At December 31, 2012 | 2011 |
|---|---|---|
| Within 1 year | **2,087,606** | 2,265,933 |
| Between 1 and 2 years | **818,434** | 422,457 |
| Between 2 and 3 years | **126,151** | 3,020 |
| Over 3 years | **2,328** | 2,328 |
| | **3,034,519** | 2,693,738 |

## 9. TRADE AND BILLS PAYABLE

| | At December 31, **2012** | 2011 |
|---|---|---|
| Trade payables | **44,720** | 21,703 |
| Bills payable | **592,577** | 482,005 |
| | **637,297** | 503,708 |

At December 31, 2012 and 2011, substantially all trade and bills payable are within one year since the invoice date, and are denominated in RMB.

## 10. CONTINGENT LIABILITIES

In March 2012, Inner Mongolia Longxin Wind Power Generation Company Limited (內蒙古隆欣風力發電有限責任公司) ("Inner Mongolia Longxin"), a subsidiary of the Company, is named as a defendant in a claim filed by with the Supreme Court of the Inner Mongolia Autonomous Region for unpaid liabilities arising from construction services provided to Inner Mongolia Longxin by the constructor prior to the Company's acquisition of Inner Mongolia Longxin in January 2012 (Note 11). In September 2012, the court issued an order to freeze two bank accounts of Inner Mongolia Longxin. At December 31, 2012, cash and cash equivalent totalling to RMB10.1 million are held in the affected bank accounts.

After consideration of the opinion of an independent legal counsel, a provision of RMB16.2 million (2011: nil) is made with respect to the claim. The directors of the Company are of the opinion that the claim will not give rise to any significant losses beyond the amounts provided at December 31, 2012.

Apart from the above, the Group has contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. At December 31, 2012, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the consolidated financial statements.

# 11. BUSINESS COMBINATIONS

## (a) Common controlled business combinations

In December 2011, the Company acquired 100% equity interests in Datang Laizhou Renewable Power Company Limited (大唐萊州新能源有限公司) ("Datang Laizhou") and Datang Wendeng Clean Power Development Company Limited (大唐文登清潔能源開發有限公司) ("Datang Wendeng"), both are limited liability companies incorporated in the PRC, from Datang Shandong Power Generation Company Limited (大唐山東發電有限公司) ("Datang Shandong Power") and Datang Shandong Electric Power Overhaul & Operation Company Limited (大唐山東電力檢修運營有限公司) ("Datang Overhaul"), limited liability companies incorporated in the PRC, for a cash consideration in aggregate of RMB204.0 million. The Company, Datang Shandong Power and Datang Overhaul are under common control of China Datang Corporation.

On January 21, 2013, the Company entered into an agreement respectively with Datang Shandong and Datang Overhaul in respect of the cancellation of the abovementioned acquisition of equity interests in Datang Laizhou and Datang Wendeng. Pursuant to the agreement, the Company agreed to return the 100% equity interests acquired in Datang Laizhou and Datang Wendeng to Datang Shandong and Datang Overhaul, respectively, and Datang Shandong and Datang Overhaul agreed to return the consideration paid by the Company RMB83.0 million and RMB19.0 million, respectively, and all remaining consideration payable amounting to RMB102.0 million was waived.

Accordingly, this transaction will be accounted for as a deemed disposal and both Datang Laizhou and Datang Wendeng will be deconsolidated. Upon completion of the disposal, the difference between the deemed consideration and carrying value of the net assets of Datang Laizhou and Datang Wendeng will be credited to other reserves.

At December 31, 2012, the aggregated assets and liabilities of Datang Laizhou and Datang Wendeng are as follows:

| | Datang Laizhou | Datang Wendeng | Total |
|---|---|---|---|
| **Total current assets:** | | | |
| Cash and cash equivalents | 37,050 | 4,353 | 41,403 |
| Trade and bills receivable | 37,628 | 39,129 | 76,757 |
| Prepayments, other receivables and other current assets | 1,862 | 17,259 | 19,121 |
| | 76,540 | 60,741 | 137,281 |
| **Total non-current assets:** | | | |
| Properties, plants and equipments | 508,213 | 351,658 | 859,871 |
| Land use rights | 5,987 | 9,095 | 15,082 |
| Other non-current assets | 47,669 | 28,554 | 76,223 |
| | 561,869 | 389,307 | 951,176 |
| **Total current liabilities:** | | | |
| Other payables | (324,265) | (100,856) | (425,121) |
| Borrowings | (10,000) | (9,800) | (19,800) |
| | (334,265) | (110,656) | (444,921) |
| **Total non-current liabilities:** | | | |
| Borrowings | (280,000) | (324,000) | (604,000) |
| | (280,000) | (324,000) | (604,000) |
| **Net assets** | 24,144 | 15,392 | 39,536 |

## (b) Other business combinations

During the year ended December 31, 2012, the Company completed the following acquisitions:

In January 2012, the Company acquired 60% equity interests of Inner Mongolia Longxin, a limited liability company incorporated in the PRC, for a cash consideration of RMB48.0 million. The principle activity of Inner Mongolia Longxin is wind power generation.

In August 2012, the Company acquired 100% equity interests of Ningxia Tongxin Huifeng Renewable Power Company Limited (寧夏同心惠風新能源有限公司) ("Tongxin Huifeng"), a limited liability company incorporated in the PRC, for a cash consideration of RMB1.0 million. The principle activity of Tongxin Huifeng is wind power generation.

A summary of the consideration and recognized amounts of provisional fair value of identifiable assets acquired and liabilities assumed at the respective acquisition dates is as follows:

| | **Inner Mongolia Longxin** | **Tongxin Huifeng** | **Total** |
|---|---|---|---|
| **Consideration:** | | | |
| — Cash paid in 2012 | 24,000 | 1,000 | 25,000 |
| — Cash paid in 2011 | 24,000 | — | 24,000 |
| **Total consideration** | 48,000 | 1,000 | 49,000 |

| | Inner Mongolia Longxin | Tongxin Huifeng | Total |
|---|---|---|---|
| **Recognized amounts of provisional value of identifiable assets acquired and liabilities assumed :** | | | |
| Cash and cash equivalents | 13 | 1 | 14 |
| Property, plant and equipment | 240,834 | 4,758 | 245,592 |
| Prepayments, other receivables and other current assets | 1,372 | — | 1,372 |
| Other payables | (162,219) | (3,759) | (165,978) |
| **Total identifiable net assets** | 80,000 | 1,000 | 81,000 |
| Non-controlling interests | (32,000) | — | (32,000) |
| | 48,000 | 1,000 | 49,000 |
| **(Outflow)/Inflow of cash to acquire businesses, net of cash acquired:** | | | |
| — Cash consideration paid in 2012 | (24,000) | (1,000) | (25,000) |
| — Cash and cash equivalents in subsidiaries acquired | 13 | 1 | 14 |
| Net cash outflow on acquisitions | (23,987) | (999) | (24,986) |

In March 2012, the Company together with Datang Guizhou Power Generation Company Limited (大唐貴州發電有限公司) ("Datang Guizhou"), a fellow subsidiary of the Company, a limited liability company incorporated in the PRC, acquired 75% and 12.5% equity interests of Guizhou Fengying Energy Technology Company Limited (貴州風盈能源科技有限公司) ("Guizhou Fengying"), a limited liability company incorporated in the PRC, by assuming the respective share of capital contribution commitment in Guizhou Fengying amounting to RMB60.0 million and RMB10.0 million, respectively. The principle activity of Guizhou Fengying is wind power generation. The provisional fair value of the net identifiable assets of Guizhou Fengying at the acquisition date amounted to RMB10.0 million, representing capital contribution by other equity owner, are credited to non-controlling interests. The inflow of cash acquired from this acquisition amounted to RMB0.002 million. The provisional fair value of the net assets acquired represents:

| | |
|---|---|
| Cash and cash equivalents | 2 |
| Property, plant and equipment — construction in progress | 35,620 |
| Prepayments, other receivables and other current assets | 27 |
| Other payables | (25,649) |
| | 10,000 |

At December 31, 2012, the Company and Datang Guizhou had made capital contribution amounted to RMB20.3 million and RMB5.0 million, respectively.

As Inner Mongolia Longxin, Guizhou Fengying and Tongxin Huifeng are in construction stage and had not commence any commercial operation on the respective acquisition dates, the fair value of the identifiable assets acquired and liabilities assumed approximates their book value.

There was no revenue and profit contributed to the Group by these acquired businesses since their respective acquisition dates to December 31, 2012.

All acquisition-related costs have been charged to other operating expenses in the consolidated statement of comprehensive income for the year ended December 31, 2012.

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. INDUSTRY OVERVIEW

During 2012, electricity consumption nationwide increased at a moderate pace, as a result of the slowdown in the growth of macro economy development and other factors. According to the Brief Overview of the Operation of China's Electric Power Industry for 2012 (《2012年全國電力工業運行簡況》) released by the China Electricity Council, electricity consumed nationwide totalled 4,959.1 billion kWh, representing an increase of 5.5% year on year, but dropped 6.5 percentage points compared to the growing rate in 2011. Newly-increased capacity from infrastructure construction nationwide amounted to 80.20 million kW, among which hydroelectric power accounted for 15.51 million kW, coal power accounted for 50.65 million kW, on-grid wind power accounted for 12.85 million kW, and on-grid solar power accounted for 1.19 million kW. Accomplished investment in the construction of electric power projects nationwide was RMB746.6 billion, representing a decrease of 1.9% year on year; among which wind power projects accounted for RMB61.5 billion, representing a substantial decrease of 31.8% from last year.

In order to improve energy structure and raise the proportion of renewable power, the government introduced a number of measures in the year to regulate the industry and encourage orderly development, which safeguarded the sustainable development of the renewable energy industry.

In January 2012, China raised its tariff surcharge of renewable energy to RMB0.8 cent from RMB0.4 cent, further replenishing the subsidies for renewable energy.

In March 2012, the Finance Ministry of the PRC released the Interim Measures for the Management of Subsidies for Renewable Energy Tariff Surcharge (《可再生能源電價附加補助資金管理暫行辦法》, the "Measures") which is jointly enacted by the Finance Ministry of the PRC, the National Development and Reform Commission and the National Energy Administration. The Measures explicitly provides that grid companies shall make settlement on electricity with renewable power generation enterprises on a monthly basis. Meanwhile, the "Measures" stipulates new rules on the grant of construction and maintenance subsidies for power grids, as an economic incentive to encourage power grids to absorb new energy.

In April 2012, the National Energy Administration released the Notice concerning Relevant Requirements for the Enhancement of Wind Power Grid Connection and Absorption (《關於加強風電並網和消納工作有關要求的通知》), urging grid companies to give priority to wind power grid connection in the management of power operation. The "12th Five-Year Plan for Ultra-high Voltage Grids" (《特高壓電網「十二五」規劃》) drafted by the State Grid Corporation of China was also submitted to the National Energy Administration, which is expected to further boost the grid connection as well as transmission capabilities of wind power enterprises.

In June 2012, the Technical Standards for Connecting Wind Farms to Power Systems (《風電場接入電力系統技術規定》) officially came into force, and the implementation of which will well facilitate the healthy and orderly development of wind power sector in the PRC toward the large-scale direction, and ensure the safety and stability as well as reliable power supply of power systems after grid connection of large-scale wind power.

From July to October 2012, the National Energy Administration successively issued the "12th Five-Year Plan for Wind Power Development" and the "12th Five-Year Plan for Renewable Energy Development" and the State Council standing meeting discussed and approved the "12th Five-Year Plan for Energy Development" which reaffirms accelerating the development of wind energy and other renewable energy. All of these three plans propose further advancing development of wind power toward the large-scale direction, and, on the principle of both centralized and decentralized development, coordinating distribution of wind energy resources, power transmission and market absorptions, optimizing development layout, establishing the power dispatching and operation mechanism adapted to wind power development, and enhancing the utilisation efficiency of wind power, so that wind power could become an important type of new energy in the process of adjusting energy structure and addressing climate changes.

In November 2012, the National Energy Administration circulated the Table of the Wind Power Standards System of the Energy Industry (《能源行業風電標準體系項目表》) in a bid to continuously step up wind power standardisation in the energy sector and further promote the healthy development of the wind power industry.

In December 2012, the State Electricity Regulatory Commission released the Basic Rules on Cross-province/Cross-region Electric Energy Transactions (Provisional) (《跨省跨區電能交易基本規則(試行)》), which specifies that an electricity buyer in cross-province/cross-region electric energy transactions could be provincial-level grid companies, or eligible independent electricity distribution and sales enterprises and users, and that priority should be given to the absorption and utilisation of clean energy during transactions in a year.

## II. BUSINESS REVIEW

As at December 31, 2012, the Group's consolidated installed capacity amounted to 5,771.02 MW, representing an increase of 9.74% over last year. Electricity generation for the year amounted to 8,542,434 MWh, representing an increase of 14.65% over last year. The Group's average wind power on-grid tariff (tax inclusive) was RMB0.6032 per kWh, representing an increase of RMB0.0118 per kWh over 2011. Profit attributable to the equity holders of the Company amounted to RMB112.1 million, representing a decrease of 84.63% from last year.

### *1. Further progress achieved in optimisation of portfolio with proactive adjustment of development strategies*

In 2012, in spite of such adverse challenges as severe grid curtailment and slower wind speed in the first quarter, the Group proactively adjusted its development strategies, and managed to fulfil steady and sustainable development by taking a benefit-oriented and controlled-development approach.

During the reporting period, the Group strived down the development in regions subject to grid curtailment, and while retaining existing resources, stepped up development in regions not subject to grid curtailment such as Shandong, Shanxi, Shaanxi, Yunnan, Guizhou and Fujian instead. As at the end of 2012, the aggregate wind resources reserve capacity reached 97,082.90 MW. Wind power projects of the Group with total installed capacity of 3,241.4 MW have been included in the first two batches of the "12th Five-Year" wind power projects to be approved by the State Energy Administration, of which 59.23% are from regions not subject to grid curtailment. This marked an increasingly rational distribution of wind power development of the Company.

As at December 31, 2012, the geographical distribution of the Group's wind resources reserve was as follows:

| **Regions** | **Wind resources reserve capacity** *(MW)* | **Percentage of wind resources reserve in relevant regions** *(%)* |
|---|---|---|
| Inner Mongolia | 38,709.50 | 39.87% |
| Three Northeastern Provinces | 17,495.60 | 18.02% |
| Central and Western Regions | 28,937.60 | 29.81% |
| Southeastern Coastline Regions | 11,940.20 | 12.30% |
| Total | 97,082.90 | 100% |

Meanwhile, the Group keenly studied wind power absorption and constantly innovated development methods. Among such efforts, the heat supply project in Jilin, as the first demonstration project of heat supply with abandon wind, obtained favourable economic and social benefits. Our three wind power projects in Jietoumiao, Wangjiawan and Yushuwan in Shaanxi were included in the State's decentralized wind power development plan, with further breakthroughs in decentralized development.

Throughout 2012, whilst actively developing its wind power business, the Group stuck to the diversified development strategy, and also focused on developing the highly profitable solar power and energy performance contracting ("EPC") sectors. As at the end of 2012, the Group's consolidated installed capacity of other renewable energy amounted to 102.47 MW, representing an increase of 17.15% over the same period of 2011. The Group's solar power resources reserve, biomass resources reserve, coal bed methane ("CBM") resources reserve, and EPC projects reserve amounted to 9,185 MW, 680 MW, 60 MW and 500 MW respectively.

2. ***New achievements accomplished in projects construction with strengthened projects management and control and optimized design***

In 2012, the Group kept promoting the scientific and standardized management of projects construction, tightened projects management and control, arranged project schedules in a scientific way, worked hard on project design optimization and constantly improved management of project schedule. During the reporting period, four projects, namely the Jilin Xiangyang 400 MW wind power project, Dalian Haipai 99 MW wind power project, Chifeng Xichang 99 MW wind power project and Shanghai Donghai Bridge offshore 102 MW wind power project, were awarded 2012 China Power Outstanding Projects with Jilin Xiangyang, Dalian Haipai and Shanghai Donghai Bridge projects granted the 2012 Silver Award for National Quality Project.

In 2012, the Group focused on constant optimization of design and improvement of efficiency to reduce costs while steadily improving project quality during the whole construction period. However, with wind power companies moving in droves to southeast coastal, central and western and other regions subject to fewer grid curtailment, project costs including labor and civil engineering increased slightly. As a result, the average full-year project costs increased by 2.2% over 2011 but still remained at a low level in the national wind power industry.

In order to guarantee the Company's income from the wind power business amid severe grid curtailment, the Group proactively controlled the construction progress of wind power projects on the premise of constantly increasing approved wind power capacity. As at December 31, 2012, the Group's consolidated installed capacity increased by 9.74% over the same period last year to 5,771.02 MW, including 5,668.55 MW of consolidated wind power consolidated installed capacity and 102.47 MW of consolidated installed capacity of other renewable energy.

As at December 31, 2012, the consolidated wind power installed capacity of the Company by region is as follows:

| Region | Consolidated installed capacity as at the end of 2012 *(MW)* | Consolidated installed capacity as at the end of 2011 *(MW)* | Change in consolidated installed capacity *(%)* |
|---|---|---|---|
| Inner Mongolia | 2,457.85 | 2,309.35 | 6.43% |
| Heilongjiang | 351.50 | 301.50 | 16.58% |
| Jilin | 598.10 | 598.10 | 0.00% |
| Liaoning | 325.80 | 277.80 | 17.28% |
| Gansu | 393.80 | 393.80 | 0.00% |
| Guangxi | 3.00 | — | — |
| Hebei | 49.50 | 49.50 | 0.00% |
| Henan | 100.75 | 100.75 | 0.00% |
| Ningxia | 247.50 | 198.00 | 25.00% |
| Shanxi | 198.00 | 148.50 | 33.33% |
| Shaanxi | 49.50 | — | — |
| Yunnan | 98.25 | 48.75 | 101.54% |
| Guangdong | 49.50 | — | — |
| Shandong | 643.50 | 643.50 | 0.00% |
| Shanghai | 102.00 | 102.00 | 0.00% |
| Total | 5,668.55 | 5,171.55 | 9.61% |

### 3. *Production safety constantly improved with scientifically improved wind power operation system*

In 2012, embracing the philosophy of scientific and safe development, the Group arranged strict examination of wind farms in service by internal experts and competent staff to improve the production safety and prevention management systems. For regions subject to severe grid curtailment, we studied and took advantage of the wind power policy, further optimized power generation structure, earnestly adjusted the generator operation modes, implemented the overhaul and maintenance and remote monitoring strategies for the grid curtailment mode, so as to constantly enhance capabilities for wind power transmission. Meanwhile, the Group kept pace with the research and development of advanced technology and its application, put in place a mechanism for communication and coordination among wind turbines manufacturers, operators and technical service providers, established twelve wind turbine technology cooperation networks and strengthened technological innovation to constantly improve the economic performance of generating units.

As at December 31, 2012, the Group generated electricity of 8,542 million kWh on an accumulative basis, representing a year-on-year increase of 14.65%. In particular, wind power electricity generated amounted to 8,437 million kWh, representing a year-on-year increase of 13.29%. Due to the combined effect of insufficient peak load modulation capability in the Inner Mongolia and northeastern region and intensified grid curtailment in certain regions, the Group's loss in electricity amounted to 2,279 million kWh. The average wind power utilization hours for the whole year were 1,752 hours, representing a year-on-year decrease of 10.19%. The average availability factor of the Group's wind turbines was 98.73%, representing a rise of 0.17 percentage point from 98.56% for the same period of 2011.

During the reporting period, the consolidated wind power generation of the Group by geographical area was as follows:

| **Region** | **As at the end of 2012** *(MWh)* | **As at the end of 2011** *(MWh)* | **Change in consolidated installed capacity** *(%)* |
|---|---|---|---|
| Inner Mongolia | 3,667,470 | 3,888,865 | –5.69% |
| Heilongjiang | 537,096 | 649,370 | –17.29% |
| Jilin | 873,392 | 868,405 | 0.57% |
| Liaoning | 563,906 | 304,183 | 85.38% |
| Gansu | 626,851 | 545,807 | 14.85% |
| Hebei | 83,819 | 105,190 | –20.32% |
| Henan | 245,847 | 123,307 | 99.38% |
| Ningxia | 298,385 | 95,502 | 212.44% |
| Shanxi | 244,618 | 187 | 130,711.76% |
| Shaanxi | 185 | — | — |
| Yunnan | 173,555 | 121,547 | 42.79% |
| Guangdong | 13,391 | — | — |
| Shandong | 840,660 | 517,243 | 62.53% |
| Shanghai | 268,010 | 227,642 | 17.73% |
| Total | 8,437,185 | 7,447,248 | 13.29% |

During the reporting period, the average utilization hours of the Company's wind farms by geographical area were as follows:

| **Region** | **2012 average wind power utilization hours** *(hours)* | **2011 average wind power utilization hours** *(hours)* | **Change** |
|---|---|---|---|
| Inner Mongolia | 1,750.71 | 2,054.63 | –14.79% |
| Heilongjiang | 1,780.23 | 2,153.80 | –17.34% |
| Jilin | 1,460.28 | 1,639.15 | –10.91% |
| Liaoning | 1,890.40 | 2,069.98 | –8.68% |
| Gansu | 1,591.80 | 1,591.46 | 0.02% |
| Hebei | 1,693.31 | 2,125.05 | –20.32% |
| Henan | 2,440.17 | 2,211.78 | 10.33% |
| Ningxia | 1,625.19 | 2,527.85 | –35.71% |
| Shanxi | 2,083.63 | — | — |
| Shaanxi | 1,850.00 | — | — |
| Yunnan | 2,824.33 | 2,500.45 | 12.95% |
| Guangdong | 2,060.15 | — | — |
| Shandong | 1,656.15 | 1,669.66 | –0.81% |
| Shanghai | 2,627.55 | 2,231.78 | 17.73% |
| Total | 1,752.03 | 1,950.84 | –10.19% |

### *4. New progress made in technological innovation by promoting the "advanced technology" strategy*

In 2012, the Group continued to strengthen technological management, scale up training of scientific and technological talents and promoted the independent R&D and intellectual property rights protection. The Group obtained a total of three patents and two software copyrights and received four prizes of the Management Innovation Achievement Awards for National Electricity Enterprises (全國電力行業企業管理創新成果獎).

The technological development and engineering demonstration of large-scale compressed-air energy storage power station for wind power (適用於風電的大規模壓縮空氣儲能電站成套技術開發與工程示範) and demonstration test on thermal power generation complementary between solar power and coal(光煤互補太陽能熱發電示範試驗) under the State's "863" Programs, are well underway.

We actively researched into application of clean energy such as wind power, solar power and by-product heat and pressure, and made new achievements in technologies of remote power collection, power forecast for photovoltaic station, micro site selection, wind resources assessment, automatic tracking of solar energy and intensive management of information, creating favorable conditions for more efficient use of clean energy in the future.

We launched the research on the subject of collecting, storing, processing and transporting straws and household garbage under the State's Non-food Biomass Research and Development Center project, kicked off the pilot work on biomass raw materials in Deyang City and conducted preliminary work on the production of fuel ethanol with straws and garbage. Meanwhile, we actively kept track of cutting-edge technology relating to unconventional oil and gas resources such as domestic shale gas and coal bed methane as well as wind power absorptions, laying a solid technological foundation for the Company's diversified development.

*5. Great efforts made to reduce capital costs, and capital operation capability improved*

In 2012, the Group endeavoured to revive existing assets and promote the reasonable flow of resources to maximize the value of assets while focusing on strengthening overall risk management and enhancing control ability. We vigorously expanded financing channels, and conducted more direct financing by leveraging the platform of a listed company, good reputation and AAA rating. We registered for the first time the issuance of RMB3 billion private bonds with a valid period of 2 years and again successfully issued one-year RMB2 billion short-term debentures. In a bid to build domestic and foreign financing channels by playing to our strengths as a Hong Kong listed company, Datang Renewable Power (HK) Company Limited, a subsidiary of the Company contributed RMB200 million (for 20% equity interests) in the establishment of a foreign-invested finance lease company in Tianjin, a successful move to bring in low-cost capital from Hong Kong, achieving two-way capital flow between Hong Kong and the mainland, and promoting the reasonable optimization of the Group's interests.

## III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND OPERATING RESULTS

The following discussion should be read in conjunction with the financial information of the Group together with the accompanying notes included in this results announcement and other sections therein.

*1. Overview*

The Group's profit for the year decreased by 80.77% to RMB186.6 million compared to RMB970.3 million in 2011. Profit attributable to the equity holders of the Company amounted to RMB112.1 million.

## *2. Revenue*

The Group's revenue increased by 14.08% to RMB4,368.0 million in 2012 compared to RMB3,828.8 million in 2011, primarily due to increases in on-grid electricity as a result of higher installed capacity.

The Group's electricity sales revenue increased by 16.93% to RMB4,275.4 million in 2012 compared to RMB3,656.2 million in 2011, primarily due to increases in on-grid electricity as a result of higher installed capacity.

## *3. Other income and other gain-net*

The Group's other income and other gain-net decreased by 46.49% to RMB277.4 million in 2012 compared to RMB518.4 million in 2011, primarily due to decrease in income generated from CDM projects.

The Group's income generated from CDM projects decreased by 74.46% to RMB94.7 million in 2012 compared to RMB370.8 million in 2011, primarily due to decrease in the trading price of Certified Emission Reductions ("CERs").

The Group noted that CER price has been lingering at low level since the beginning of 2012. In response to this, the Company established a special taskforce team to proactively strengthen carbon assets management. On a prudent basis, a provision of RMB34.1 million has been made at December 31, 2012.

The Group's government grants decreased by 27.77% to RMB133.6 million in 2012 compared to RMB184.9 million in 2011, primarily due to the decreases in value-added tax refund and fiscal interest subsidies.

## *4. Operating expenses*

The Group's operating expenses (excluding service concession construction costs) increased by 33.21% to RMB2,522.8 million in 2012 compared to RMB1,893.9 million in 2011. This increase is mainly attributable to the increase in depreciation as a result of higher installed capacity.

The Group's depreciation and amortization increased by 36.44% to RMB1,856.7 million in 2012 compared to RMB1,360.8 million in 2011, primarily due to the increase in installed capacity.

The Group's labor costs increased by 41.11% to RMB264.9 million in 2012 compared to RMB187.7 million in 2011, primarily due to the increase in employees as a result of business expansion.

The Group's other operating expenses increased by 19.76% to RMB294.4 million in 2012 compared to RMB245.8 million in 2011, primarily due to the increase in administration expenses incurred to manage an increased number of projects and expanded business scale.

### 5. *Operating profit*

The Group's operating profit decreased by 12.95% to RMB2,114.4 million in 2012 compared to RMB2,429.0 million in 2011.

### 6. *Finance expenses*

The Group's finance expenses increased by 35.03% to RMB1,932.8 million in 2012 compared to RMB1,431.3 million in 2011, primarily due to the increase in interest-bearing liabilities and the cessation of capitalization of the interest expenses for projects completed.

### 7. *Share of loss of associates and share of profit of a jointly controlled entity*

The Group recorded a loss of RMB6.1 million in share of loss of associates in 2012 whilst the loss was RMB7.4 million in 2011.

The Group recorded a profit of RMB0.8 million in share of profit of a jointly controlled entity in 2012 whilst the profit was RMB15.0 million in 2011.

### *8. Income tax benefit/(expense)*

The Group's income tax benefit was RMB10.2 million in 2012, representing a decrease of 129.23% from tax expense of RMB35.0 million in 2011. This was mainly due to certain tax losses for which no deferred income tax assets were recognized, impact of change in applicable income tax rates, tax credits entitlement, and the fluctuation in profitability of certain subsidiaries of the Company located in regions with preferential income tax rate as well as initiation and expiration of tax benefit of other subsidiaries of the Company.

### *9. Profit for the year*

The Group's profit for the year decreased by 80.77% to RMB186.6 million in 2012 compared to RMB970.3 million in 2011. For the year ended December 31, 2012, the Group's profit for the year as a percentage of our total revenue (excluding service concession construction revenue) decreased to 4.3% compared to 25.5% in 2011.

### *10. Profit attributable to the equity holders of the Company*

The profit attributable to the equity holders of the Company decreased by 84.63% to RMB112.1 million in 2012 compared to RMB729.8 million in 2011.

### *11. Profit attributable to the holders of non-controlling interests*

The profit attributable to the holders of non-controlling interests of the Group decreased by 69.06% to RMB74.4 million in 2012 compared to RMB240.5 million in 2011.

### *12. Liquidity and capital sources*

As at December 31, 2012, the Group's cash and cash equivalents decreased by 49.46% to RMB2,103.8 million compared to RMB4,162.4 million at December 31, 2011. The main sources of the Group's operating capital are revenue from sales of electricity.

As at December 31, 2012, the Group's borrowings increased by 8.47% to RMB38,161.8 million compared to RMB35,181.3 million as at December 31, 2011. In particular, RMB5,456.6 million (including RMB2,287.3 million of long-term borrowings due within one year) was short-term borrowings, and RMB32,705.2 million was long-term borrowings. The above borrowings include RMB37,906.8 million of borrowings denominated in RMB, and RMB255.0 million of borrowings denominated in USD.

### 13. *Capital expenditure*

The Group's capital expenditure decreased by 48.91% to RMB5,722.6 million in 2012 compared to RMB11,200.6 million in 2011. Capital expenditure mainly comprises engineering construction costs such as purchase or construction of property, plant and equipment, land use rights and intangible assets, etc..

### 14. *Net gearing ratio*

In 2012, the Group's net gearing ratio (net debt (total borrowings minus cash and cash equivalents) divided by total equity and net debt) was 75.82%, 3.27 percentage points higher than 72.55% in 2011.

### 15. *Major investment*

In the second half of 2012, Datang Renewable Power (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with China Datang Corporation Capital Holding Co., Ltd., China Datang Overseas (Hong Kong) Co., Ltd. and Datang International Power Generation Co., Ltd. in relation to the establishment of Datang Financial Leasing Co., Ltd.. Datang Renewable Power (Hong Kong) Co., Ltd. contributed in United States dollar, equivalent to RMB200 million, representing 20% of the total registered capital of Datang Financial Leasing Co., Ltd..

### 16. *Major acquisition and disposal*

In 2012, the Group had no major acquisitions or disposals.

### 17. *Pledge of assets*

Some of our bank loans and other loans are secured by property, plant and equipment, intangible assets and electricity tariff collection rights. As at December 31, 2012, net carrying value of the pledged assets amounted to RMB3,422.9 million.

### 18. *Contingent liabilities*

As at December 31, 2012, the Group had no material contingent liabilities.

## IV. RISK FACTORS AND RISK MANAGEMENT

### 1. *Policy risk*

Since 2005, the PRC government has offered increasing policy support to the renewable energy industry and implemented a series of preferential measures to bolster the development of domestic wind power projects, including compulsory grid connections, on-grid tariff subsidies, and tax incentives like the reduction/exemption or a 50% refund for value-added tax. Although the PRC government has reiterated that it would continue to intensify its support for the development of the wind power industry, there is still possibility that it might alter or repeal the current preferential measures and favorable policies without any prior notice.

### 2. *Grid curtailment risk*

As the Group's wind farm construction and grid construction in certain regions are out of sync, it is difficult to transmit all the potential electricity that could be generated when wind farms run at full load, thus hindering our power transmission upon completion of relevant projects. In addition, if all electricity generated by our wind farms upon operation at full load fails to be consumed locally, the Company may reduce its power generation.

### *3. Technological risk*

The energy industry develops rapidly amid fierce competition. Technological progress may result in the reduction of development costs for different types of energy, and put the existing wind power projects and technologies at an uncompetitive or obsolete situation. Failure to adopt newly-developed technologies may have an adverse impact on our business, financial position and operating results.

### *4. Competition risk*

In China, the competition in the wind power industry is increasingly fierce as more entities are investing in wind power projects, all of which are competing for resources through different ways and measures. As a result, the Group will continue to scientifically adjust its portfolio, consolidate existing resource reserves, explore new area of resources and further expand resource reserves. At the same time, the Company will enhance efforts in technology and management innovation and keep improving its core competitiveness by making use of its own strength.

### *5. Risks related to development of clean development mechanism (CDM) projects*

Objectively, as the European debt crisis persisted, the supply and demand in European carbon emissions trading market became imbalanced amidst a weak economy, the trading price of emissions units revealed a substantial decline as compared with the beginning of 2012 and the possibility of risks of international buyers' default (or non-performance) increased. Meanwhile, most of the Group's CDM contracts expired at the end of 2012, the transaction price of contracts to be entered into subsequently may be substantially lower than previous prices.

### *6. Risks related to geographical concentration of wind power projects*

The Group's wind power projects are primarily located in Inner Mongolia and Northeastern Regions. Although these regions offer abundant wind resources for developing wind power projects, and the local government provides wind power companies with relatively lower benchmark on-grid tariffs compared to other regions in the PRC, the Group's wind power projects in these regions are currently adversely affected by grid curtailment due to the mismatch between our wind farm construction and the local power grid construction. Any change adversely affecting the local wind conditions, local grid transmission capacity, on-grid tariffs and changes in government policy in Inner Mongolia and Northeastern Regions could reduce the electricity we generate and have an adverse impact on our wind power business. To cope with this, the Group will timely adjust its project portfolio in response to the changes in its business strategy, government policy and other factors.

### *7. Climate risk*

The commercial viability and profitability of the Group's wind farms are highly dependent on suitable wind resources and weather conditions. The electricity and revenue generated from a wind power project are highly dependent on local climatic conditions, particularly the conditions of wind resources that vary substantially in different seasons and regions and are difficult to predict. Turbines will only start to operate when the wind speed reaches a certain threshold, and must be disconnected when the wind speed exceeds a certain maximum velocity to avoid damage. The Group's investment decisions for each wind power project are based on the findings of feasibility studies conducted on site before starting construction. However, the actual climatic conditions at a project site, particularly the wind conditions, may not conform to the findings of these feasibility studies, and, therefore, the wind power projects may not meet anticipated production levels, and hence adversely affect our forecasted profitability.

### *8. Project construction risk*

The Group's rapid expansion of wind power projects range in the southern coastal regions further increases the number of places unfavourable for wind farm construction and land and labour costs for wind farm construction. The Group may encounter such risks as delays in completion of project construction due to the increased construction difficulties, and total construction costs for such wind power projects may thus exceed the budget.

### *9. Risks related to safety management*

The Group has transformed its business from wind power generation to a diversified portfolio comprising wind power, solar power, biomass, CBM, and EPC, etc., with a focus on wind power. There will be more and more hazard sources and hidden hazards in the course of our business diversification, as we are yet to be familiar with the features and patterns of production safety management in these sectors and it takes time for us to establish a rigorous, sound and orderly production safety management system. In this regard, our Group will put more efforts in scientific research and promote the establishment and improvement of our production safety management system through thorough studies and practical experience.

### *10. Interest risk*

Interest risk may result from fluctuations in bank loan rates. Such interest rate changes will have impact on our capital expenditure and ultimately our operating results. As our Group highly relies on external financing to obtain investment capital to expand wind power business, we are particularly sensitive to the capital cost in securing such loans.

### *11. Exchange rate risk*

Fluctuations of RMB exchange rates could adversely affect the Group's financial position and operating results. Though the Group conducts substantially all of its business operations in China and its major revenue is denominated in RMB, we also derive revenue from the sales of certified emission reductions ("CERs") which is denominated in foreign currencies. Meanwhile, we convert RMB into foreign currencies to purchase equipment and services from abroad, make investments and acquisitions overseas, or pay dividends to our shareholders. We are therefore subject to risks associated with foreign currency exchange rate fluctuations. Fluctuations in the value of RMB against foreign currencies may reduce our RMB revenue from the sales of CERs, increase our RMB costs for foreign acquisitions and foreign currency borrowings, or affect the prices of our imported equipment and materials. To this end, the Group will keep a close eye on the movement of exchange rates in the market and conduct research thereon, and use various means to enhance our control over exchange rate risk.

### *12. Risks related to high gearing ratio*

The Group operates in a capital-intensive industry, and a significant increase in capital costs could have a material adverse effect on our business, financial condition or operating results. We have significant construction and capital expenditure requirements, and the recovery of the capital investment in a wind farm or other renewable energy facility takes a long period of time. Meanwhile, the capital investment required to develop and construct a wind power project generally varies based on the cost of the necessary fixed assets. A significant increase in the costs of developing and constructing our wind power projects could have a material adverse effect on our ability to achieve our targets and on our business, financial condition and operating results. Our Group will monitor the market dynamics closely and make adjustment to our strategy accordingly. At the same time, our Group will explore on various financing channels to adjust our finance structure.

## V. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT

### *1. Opportunities and challenges faced by the Group*

Although the US financial market is stabilizing and the banking sector's earnings slightly improve in 2013, the prospects of European debt crisis remain uncertain and the economic growth of countries with emerging markets slows down. As such, the global economic prospect is hardly optimistic in 2013.

Given the weak growth of the global economy, China takes "structural adjustment" as its top priority in macro control and continues to implement the proactive fiscal policy and prudent monetary policy. In 2013, China's economy is likely to maintain a steady growth amidst structural adjustment.

Constrained by international and domestic factors, the growth of China's overall demand for energy will stabilize, thus the development of renewable energy industry will be affected. In addition, the "absorption difficulty" resulted from local overdevelopment will remain the principal crux plaguing operators of the wind power industry for some time.

However, with the emergence of hazy weather in many regions, the Chinese society puts forward higher requirements on clean energy supply whilst demanding transformation of economic development pattern. At the Doha climate change conference, the Chinese government reiterated China's determination to deliver a 40%-45% reduction in carbon intensity (carbon dioxide emissions per unit of GDP) of the 2005's level by 2020. In the face of growing demand for clean energy, in 2013, the government will continue to adhere to the principle of encouraging orderly development of the renewable energy industry and accelerate industrial standardization through policy, technology and taxation measures. Therefore, the severe grid curtailment problem in certain regions is likely to be eased.

First, in the report of the 2013 National Energy Work Conference, Mr. Liu Tienan, the then head of the National Energy Administration, reiterated that more efforts will be made in the development of new energy and renewable energy, aiming at increasing the newly-added wind power installed capacity and photovoltaic installed capacity for the year to 18 million kW and 10 million kW respectively. Meanwhile, the Interim Measures on Power Transactions regarding Transmission of Surplus Wind Power from Northeast China to North China (《東北電網富餘風電送華北電量交易暫行辦法》) which has been approved by the State Electricity Regulatory Commission will be implemented step by step, which would alleviate the intensifying grid curtailment in Northeast China. In addition, the State Grid Corporation of China also expressed that it will spare no effort to push forward the construction of ultra-high-voltage ("UHV") transmission lines and smart power grids in 2013 and has planned to commence the construction of "Four AC Three DC" project which includes four UHV AC lines (namely, Huainan-Nanjing-Shanghai, North Zhejiang-Fuzhou, Ya'an-Wuhan and west Inner Mongolia - Changsha UHV AC transmission lines) and three UHV DC transmission lines (namely Ningdong-Zhejiang, Ximeng-Taizhou and west Inner Mongolia-Hubei UHV DC transmission lines), thereby giving technical support to the grid connection and outward transmission of wind power and other renewable electricity. The National Energy Administration plans to introduce the Administrative Measures for Preferential Grid Connection of Renewable Electricity (《可再生能源電力優先上網管理辦法》) and the Administrative Measures for Renewable Electricity Quota (《可再生能源電力配額管理辦法》), aiming at providing policy safeguard for the absorption and utilization of wind power and other renewable electricity. Currently, Beijing, Shanghai and Guangdong have launched pilot carbon emission trading, which indicates that certain progress has been made in exploring the establishment of a domestic carbon asset market in China and will thereby further promote the development of China's renewable energy industry.

## 2. *Company's operating policies for 2013*

*(1) Focus on operation optimization*

Enhance efforts in building an intrinsically-safe enterprise and reducing losses resulting from abandoning wind and grid curtailment. More efforts will be made in equipment management and enhancement of management practices.

*(2) Emphasize development optimization*

Press ahead with the optimization of geographical distribution, and steadily push forward the development of other business segments. Refine preliminary work and enhance the rigid implementation of plans.

*(3) Promote design optimization*

Establish stringent project management procedures and rigorously implement the project legal person responsibility system. Pay adequate attention to project progress management and project quality management.

*(4) Enhance management level*

Strengthen comprehensive planning management, overall budget management, all-arounded risk management and full responsibility management. Make great efforts in overall promotion and specific upgrade. Improve the systems of standards and processes. Strengthen assessment and implement rectifications.

*(5) Improve technological level*

Promote the application and R&D of technologies based on production and operation. Study on the application of cutting-edge technologies of renewable energies and the technology for local absorption of wind power and solar power. Proactively push forward the national scientific and technological projects and the technology standardization management.

*(6) Deepen capital operation idea*

Relying on the platform of the Company being a listed company, deepen capital operation idea, raise capital operation level and enhance capital control ability so as to promote the development of the Company through asset operation.

*(7) Innovate in operation and management modes*

With a view to improve efficiency and benefits, actively explore mechanisms, systems and modes that could accommodate the development needs of a renewable energy company, streamline management relations and endeavour to innovate on operation and management.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended December 31, 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## FINAL DIVIDENDS

The Board has proposed distribution of a final dividend of RMB0.023 per share (tax inclusive) in cash to shareholders for the year ended December 31, 2012. All the dividends will be paid upon approval by shareholders at the Company's forthcoming annual general meeting ("AGM"). Information regarding the date of the AGM, final dividends, the record dates and book closure dates for the entitlement to the final dividends and attendance of the AGM will be announced in due course.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Saved as disclosed below, the Company has always been in strict compliance with the principles and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). As at December 31, 2012, the Company was not involved in any material litigation liable by any Director. Each Director of the Company has the necessary qualification and experience required for performing his duty. The Company estimates that in the reasonably foreseeable future, there is little risk that there would be any event for which any Director shall take responsibility. Therefore, the Company confirms that no liability insurance has been arranged for the Directors.

As provided for in the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the Nomination Committee under the Board shall be chaired by an independent non-executive director or the chairman of the Board (effective from April 1, 2012). The Company's Nomination Committee is chaired by Mr. Wu Jing, a non-executive Director and the vice chairman of the Company. The Company is of the opinion that Mr. Wu Jing has rich experience in personnel appointment and dismissal, and is familiarized with the requirements on the necessary qualifications and experience for relevant positions regarding the Company's business; and Mr. Wu Jing, as a non-executive Director and the vice chairman of the Company, often performs relevant duties on behalf of the chairman of the Company. Therefore, the Company believes that Mr. Wu Jing is able to perform relevant duties as the chairman of the Nomination Committee and that these arrangements did not constitute a deviation from the original intention of the code provisions. The Company confirms that no arrangement would be made to replace the chairman of the Nomination Committee.

For the year ended December 31, 2012, save as disclosed above, the Company has been in strict compliance with the principles and code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules, as well as certain recommended best practices.

## COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct governing dealings by all directors and supervisors in the securities of the Company. Having made specific enquiry with the directors and supervisors of the Company, all directors and supervisors confirmed that they had strictly complied with the Model Code during the reporting period.

## AUDITORS

The Company has appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company as international and domestic auditors, respectively, for the year ended December 31, 2012. The Group's consolidated financial statements for 2012 prepared in accordance with the International Financial Reporting Standards have been audited by PricewaterhouseCoopers.

The figures in respect of the preliminary announcement of the Group's results for the year ended December 31, 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 on the preliminary announcement.

## AUDIT COMMITTEE

The Company's 2012 annual results and the Group's financial statements for the year ended December 31, 2012 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement will be available on the websites of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (http://www.hkexnews.hk) and the Company (http://www.dtxny.com.cn).

The Company will despatch at due time to shareholders the annual report for 2012 containing all the information as required by the Listing Rules and publish it on the websites of the Company and the Hong Kong Stock Exchange.

By order of the Board
**China Datang Corporation Renewable Power Co., Limited***
**Chen Jinhang**
*Chairman*

Beijing, the PRC, March 22, 2013

*As at the date of this announcement, the executive Directors of the Company are Mr. Hu Yongsheng and Mr. Hu Guodong; the non-executive Directors are Mr. Chen Jinhang, Mr. Wu Jing, Mr. Yin Li and Mr. Su Min; and the independent non-executive Directors are Mr. Wang Guogang, Mr. Yu Hon To David and Mr. Liu Chaoan.*

* *For identification purpose only*