
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number: 001-34866

China Ming Yang Wind Power Group Limited

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

**Jianye Road, Mingyang Industry Park
National Hi-Tech Industrial Development Zone
Zhongshan, Guangdong 528437
People's Republic of China**
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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Ordinary shares, par value \$0.001 per share *	New York Stock Exchange *

* Not for trading, but only in connection with the listing of American depositary shares ("ADSs") on the New York Stock Exchange. The ADSs are registered under the Securities Act of 1933, as amended, pursuant to a registration statement on Form F-6. Accordingly, the ADSs are exempt from registration under Section 12(b) of the Securities Exchange Act of 1934, as amended, pursuant to Rule 12a-8 thereunder. Each ADS represents the right to receive one ordinary share of the Registrant.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 122,520,203 ordinary shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of

1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are made under the “safe harbor” provision under Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Item 3. Key Information—D. Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “aim,” “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “is/are likely to,” “may,” “plan,” “potential,” “will” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our expectations regarding the worldwide demand for electricity and the market for wind power energy;
- our expectations regarding policies and regulations supporting the alternative energy industry and the wind power industry in China and elsewhere;
- our future business development, financial condition and results of operations;
- our goals and growth strategies, including our ability to expand our manufacturing and research and development facilities and capabilities;
- our ability to attract additional orders from existing and potential customers;
- our expectations regarding revenue growth, our ability to achieve or maintain or increase profitability and our production volumes;
- our ability to establish strategic relationships with industry-leading research and development institutes;
- our ability to secure sufficient funds to meet our cash needs for our future operation and capacity expansion; and
- fluctuations in general economic and business conditions in China and elsewhere.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we reference in this annual report and have filed as exhibits to the registration statement, of which this annual report is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

CONVENTIONS

Unless otherwise indicated, references in this annual report to:

- “\$,” “US\$” and “U.S. dollars” refer to the legal currency of the United States;
- “ADRs” refer to the American depositary receipts, which, if issued, evidence our ADSs;
- “ADSs” refer to our American depositary shares, each of which represents one ordinary share;
- “CAGR” refers to compound annual growth rate;
- “China” and the “PRC” refer to the People’s Republic of China, excluding, for the purpose of this annual report only, Taiwan and the special administrative regions of Hong Kong and Macau;
- “ordinary shares” refer to our ordinary shares, par value US\$0.001 per share;
- “RMB” and “Renminbi” refer to the legal currency of China; and
- “we,” “us,” “our company” and “our” refer to China Ming Yang Wind Power Group Limited, its predecessor entities and its consolidated subsidiaries.

PART I

Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not Applicable.

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

Item 3. KEY INFORMATION

A. Selected Financial Data

The following selected consolidated statement of operations data for the years ended December 31, 2011, 2012 and 2013 and the selected consolidated statement of financial position data as of December 31, 2012 and 2013 have been derived from our audited consolidated financial statements, which are included elsewhere in this annual report.

The selected consolidated statement of operations data for the years ended December 31, 2009 and 2010 and the selected consolidated statement of financial position data as of December 31, 2009, 2010 and 2011 have been derived from our audited financial statements, which are not included in this annual report.

You should read the selected consolidated financial data in conjunction with those financial statements and related notes and information under “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report. Our consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRSs. Our historical results do not necessarily indicate our results expected for any future period.

	Year ended December 31,					
	2009	2010	2011	2012	2013	
	RMB	RMB	RMB	RMB	RMB	US\$
(in thousands, except share, per share and per ADS data)						
Consolidated Statement of Operations Data						
Revenue	1,172,692	5,517,837	5,515,819	2,893,100	2,844,830	469,932
Cost of sales	(1,096,724)	(4,430,472)	(4,522,685)	(2,523,337)	(2,582,551)	(426,607)
Gross profit	75,968	1,087,365	993,134	369,763	262,279	43,325
Selling and distribution expenses	(90,862)	(149,152)	(227,766)	(174,807)	(219,890)	(36,323)
Administrative expenses	(67,475)	(150,775)	(261,944)	(384,102)	(445,883)	(73,655)
Research and development expenses	(52,789)	(43,061)	(85,305)	(85,821)	(102,568)	(16,943)
Impairment loss on goodwill and other intangible assets	—	—	—	—	(179,661)	(29,678)
(Loss)/profit from operations	(134,890)	762,542	454,314	(189,137)	(640,770)	(105,848)
Net finance expenses	(49,577)	(35,100)	(91,278)	(104,094)	(81,522)	(13,466)
(Loss)/profit before income tax	(184,621)	730,058	365,311	(300,627)	(725,850)	(119,902)
Income tax (expense)/benefit	(38,495)	(20,870)	(73,018)	(213)	78,417	12,954
(Loss)/profit for the year	(223,116)	709,188	292,293	(300,840)	(647,433)	(106,948)
(Loss)/profit attributable to:						
Shareholders of the Company	(221,313)	702,135	292,993	(281,874)	(504,179)	(83,284)
Non-controlling interests	(1,803)	7,053	(700)	(18,966)	(143,254)	(23,664)
Basic and diluted (loss)/earnings per share	(2.21)	6.61	2.35	(2.31)	(4.12)	(0.68)
Weighted average number of shares used in computation						
—basic and diluted ⁽¹⁾	100,000,000	106,250,000	124,450,310	121,869,607	122,408,098	122,408,098

- (1) The calculation of the weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share has been retroactively adjusted to reflect: (i) the 1:1000 share subdivision effected in February 2010, (ii) our reorganization which was completed in May 2010, and (iii) our incorporation in February 2009, as if these events had occurred at the beginning of the earliest period presented and such shares had been outstanding for all periods.

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	As of December 31,					
	2009	2010	2011	2012	2013	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Consolidated Statement of Financial Position Data						
Property, plant and equipment	152,455	351,312	497,777	1,053,307	1,001,678	165,465
Intangible assets	22,241	86,334	74,837	427,681	195,816	32,346
Lease prepayments	16,113	66,342	207,321	356,932	352,142	58,170
Investments in associates	28,846	41,362	43,637	9,166	25,608	4,230
Investments in joint ventures	—	—	255,870	691,837	795,848	131,465
Other investments	—	—	—	7,144	30,197	4,988
Trade and other receivables	57,461	231,003	462,961	930,424	934,364	154,347
Prepayments	51,484	16,495	40,290	66,024	120,276	19,868
Deferred tax assets	2,820	77,366	134,386	174,024	224,843	37,141
Total non-current assets	331,420	870,214	1,717,079	3,716,539	3,680,772	608,020
Financial assets at fair value through profit or loss	—	—	—	168,139	—	—
Inventories	1,972,993	1,895,205	1,837,821	2,028,435	2,235,459	369,272
Trade and other receivables	1,627,025	2,895,802	5,203,995	4,224,375	4,210,955	695,600
Prepayments	123,370	201,141	91,022	199,970	115,317	19,049
Other current assets	—	—	5,239	7,511	35,301	5,831
Pledged bank deposits	145,995	131,967	252,795	276,651	246,608	40,737
Cash and cash equivalents	722,233	2,485,972	1,339,496	1,319,694	811,848	134,108
Total current assets	4,633,616	7,621,531	8,730,368	8,224,775	7,655,488	1,264,597
Total assets	4,965,036	8,491,745	10,447,447	11,941,314	11,336,260	1,872,617
Issued share capital	—	850	850	850	850	140
Reserves for own shares	—	—	(42,108)	(55,113)	(44,628)	(7,372)
Capital reserves	1,288,756	3,514,932	3,627,441	3,670,380	3,693,726	610,160
Translation reserves	—	(19,156)	(58,358)	(61,191)	(74,223)	(12,260)
(Accumulated losses)/retained earnings	(741,417)	(39,282)	253,711	(28,163)	(532,342)	(87,937)
Total equity attributable to shareholders of the Company	547,339	3,457,344	3,781,536	3,526,763	3,043,383	502,731
Non-controlling interests	29,450	69,853	117,153	110,787	(28,063)	(4,636)
Total equity	576,789	3,527,197	3,898,689	3,637,550	3,015,320	498,095
Bank borrowings	—	—	—	354,437	104,015	17,182
Bond payable	—	—	—	986,206	992,664	163,976
Deferred tax liabilities	1,647	—	2,209	86,969	52,102	8,607
Provisions	19,154	112,726	206,293	212,064	154,491	25,520
Trade and other payables	20,140	38,525	120,243	83,553	132,389	21,869
Deferred income	3,723	115,468	175,215	280,024	253,849	41,933
Total non-current liabilities	44,664	266,719	503,960	2,003,253	1,689,510	279,087
Trade and other payables	2,203,118	3,632,542	4,595,516	3,811,342	4,230,737	698,868
Bank and other borrowings	181,673	480,000	632,000	1,685,685	1,283,055	211,946
Income tax payable	33,748	43,506	35,908	9,789	9,155	1,512
Provisions	22,364	98,391	146,774	178,425	249,559	41,224
Deferred income	3,054	11,381	27,783	34,088	41,328	6,827
Deferred revenue	1,899,626	432,009	606,817	581,182	817,596	135,058
Total current liabilities	4,343,583	4,697,829	6,044,798	6,300,511	6,631,430	1,095,435
Total liabilities	4,388,247	4,964,548	6,548,758	8,303,764	8,320,940	1,374,522
Total equity and liabilities	4,965,036	8,491,745	10,447,447	11,941,314	11,336,260	1,872,617

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	Year Ended December 31,				
	2009	2010	2011	2012	2013
Other Consolidated Financial Data (in percentages)					
Gross margin	6.5	19.7	18.0	12.8	9.2
Operating margin	(11.5)	13.8	8.2	(6.5)	(22.5)
Net margin	(19.0)	12.9	5.3	(10.4)	(22.8)
Selected Operating Data (in units of wind turbines)					
New orders signed ⁽¹⁾	574	1,099	974	481	1,092
Total deliveries ⁽²⁾⁽³⁾	378	610	1,090	472	614
Total commissioned and revenue recognized ⁽⁴⁾	152	802	980	518	549
Order book ⁽⁵⁾⁽⁶⁾	990	1,287	1,281	1,244	1,787

- (1) Includes 16, 1 and 10 units of SCD wind turbines contracted in 2011, 2012 and 2013, respectively.
- (2) Delivery of a wind turbine refers to the arrival of the wind turbine at the customer's designated wind farm and the completion of preliminary inspection and acceptance by the customer.
- (3) Includes 11, 5 and nil units of SCD wind turbines delivered in 2011, 2012 and 2013, respectively.
- (4) Commissioning of a wind turbine refers to grid-connection commissioning, whereby the wind turbine is installed and a functionality test is performed to ensure proper connection to the grids. A durability test is conducted following commissioning.
- (5) Represents cumulative orders signed for which revenue has not been recognized.
- (6) Includes 66, 50 and 60 units of SCD wind turbines as of December 31, 2011, 2012 and 2013, respectively.

	Year Ended December 31,				
	2010	2011	2012	2013	
	RMB	RMB	RMB	RMB	US\$
(in thousands)					
Non-IFRSs Financial Data					
Adjusted EBITDA ⁽¹⁾	839,229	628,320	(69,131)	(470,864)	(77,781)

- (1) EBITDA refers to earnings before net finance expense, income tax expense/(benefit) and depreciation and amortization. Adjusted EBITDA refers to EBITDA adjusted to exclude share-based compensation expenses.

Adjusted EBITDA is used by management to evaluate our financial performance and determine the allocation of resources and provides management with the ability to determine our return on capital expenditure. Items that are eliminated from the calculation of Adjusted EBITDA are collectively managed by our senior executive officers, including our chief executive officer and chief financial officer, taking into consideration our strategic, business and financial goals. In addition, we believe that Adjusted EBITDA will be a key metric analyzed in determining the amount of new debt financing that may be available to us, and, therefore, we believe this measure provides investors with additional information about our ability to fund our growth through debt financing, if needed. Furthermore, Adjusted EBITDA eliminates the impact of items that we do not consider indicative of the performance of our business. We believe investors will similarly use Adjusted EBITDA as one of the key metrics to evaluate our financial performance and to compare our current operating results with corresponding historical periods and with other companies in the wind equipment manufacturing industry. The presentation of Adjusted EBITDA should not be construed as an indication that our future results will be unaffected by other charges and gains we consider to be outside the ordinary course of our business.

The use of Adjusted EBITDA has certain limitations. Items excluded from Adjusted EBITDA are significant components in understanding and assessing our operating and financial performance. Depreciation and amortization expense, income tax expense/(benefit), interest expense and interest income as well as share-based compensation expenses have been and will be incurred in our business and are not reflected in the presentation of Adjusted EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, Adjusted EBITDA does not consider capital expenditures and other investing activities and should not be considered as a measure of our liquidity. We compensate for these limitations by providing the relevant disclosure of our depreciation and amortization expense, interest expense and interest income, income tax expense/(benefit), capital expenditures as well as share-based compensation expenses and other relevant items both in our reconciliations to IFRSs financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance. The term Adjusted EBITDA is not defined under IFRSs, and Adjusted EBITDA is not a measure of net income, operating income, operating performance or liquidity presented in accordance with IFRSs. When assessing our operating and financial performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance measure that is calculated in accordance with IFRSs. In addition, our Adjusted EBITDA may not be comparable to Adjusted EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate Adjusted EBITDA in the same manner as we do.

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The following table is a reconciliation of Adjusted EBITDA to (loss)/profit for the year, the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year Ended December 31,					
	2009	2010	2011	2012	2013	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
(Loss)/profit for the year	(223,116)	709,188	292,293	(300,840)	(647,433)	(106,948)
Income tax expense/(benefit)	38,495	20,870	73,018	213	(78,417)	(12,954)
Net finance expense	49,577	35,100	91,278	104,094	81,522	13,466
Depreciation and amortization	27,628	39,626	59,222	84,463	140,219	23,163
EBITDA	(107,416)	804,784	515,811	(112,070)	(504,109)	(83,273)
Share-based compensation expenses	—	34,445	112,509	42,939	33,245	5,492
Adjusted EBITDA	(107,416)	839,229	628,320	(69,131)	(470,864)	(77,781)

Exchange Rate Information

This annual report contains translations of certain Renminbi amounts into U.S. dollar amounts at specified rates. Unless otherwise stated, the translations of Renminbi into U.S. dollars have been made at the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York, or the noon buying rate, on December 31, 2013, which was RMB6.0537 to US\$1.00. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi at any particular rate, the rates stated below, or at all. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Fluctuation in the value of the Renminbi may have a material and adverse effect on your investment” for discussions of the effects of fluctuating exchange rates and currency control on the value of our ADSs. On April 25, 2014, the noon buying rate was RMB6.2534 to US\$1.00.

	RMB per U.S. Dollar Exchange Rate			
	Period End	Average (1)	Low	High
	(RMB per \$1.00)			
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1478	6.2438	6.0537
October	6.0943	6.1032	6.1209	6.0815
November	6.0922	6.0929	6.0993	6.0903
December	6.0537	6.0738	6.0927	6.0537
2014				
January	6.0590	6.0509	6.0600	6.0402
February	6.1448	6.0816	6.1448	6.0591
March	6.2164	6.1729	6.2273	6.1183
April (through April 25)	6.2534	6.2196	6.2534	6.1966

Source: For all periods prior to January 1, 2009, the Federal Reserve Bank of New York. For periods beginning on or after January 1, 2009, the Federal Reserve Board.

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

In addition, all translations of Euro to U.S. dollars have been made at the noon buying rate on December 31, 2013, which was €0.7257 to US\$1.00. The noon buying rate on April 25, 2014 was €0.7226 to US\$1.00.

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Risks Related to Our Company

Our high customer concentration exposes us to all of the risks faced by our major customers and may subject us to significant fluctuations or declines in revenue.

We currently derive a substantial portion of our revenue from a limited number of customers, which are primarily Chinese national or regional large electric power producers, including the five largest state-owned power producers. In the year ended December 31, 2011, our top three customers in terms of revenue recognized, namely China Huaneng Group, or Huaneng, China Datang Corporation, or China Datang, and China Huadian Corporation, or Huadian, together with their respective affiliates, contributed approximately 44.0%, 25.8% and 7.6% of our total revenue, respectively. In the year ended December 31, 2012, our top three customers in terms of revenue recognized, namely Huadian, Daqing Longjiang Wind Power Generating Co. Ltd., or Daqing Longjiang, and Huaneng, together with their affiliates, contributed approximately 27.9%, 11.1% and 10.4% of our total revenue, respectively. In the year ended December 31, 2013, our top three customers in terms of revenue recognized, Huaneng, Da'an Runfeng Energy Development Ltd. and Shanghai Chengrui Investment Ltd., together with their affiliates, contributed approximately 22.1%, 10.3% and 8.3% of our total revenue, respectively.

Since our inception in June 2006 through December 31, 2013, we had entered into sales contracts for a total of 4,804 units of wind turbines with 45 end customers. Huaneng, our largest customer in terms of total power output, together with its affiliates, accounted for 1,094 units of wind turbines contracted as of December 31, 2013. We cannot assure you that we will be able to maintain or improve our relationships with these customers, or that we will be able to continue to supply products to these customers at current levels or at all. Dependence on a few significant customers will continue to make it difficult for us to satisfactorily negotiate attractive prices for our products and will continue to expose us to the risks of substantial losses if a single, dominant customer stops conducting business with us. Specifically, any one of the following events, among others, may cause material fluctuations or declines in our revenue and have a material and adverse effect on our financial condition, results of operations and prospects:

- reduction of the number or in the price of wind turbines purchased from us by one or more of our significant customers;
- reduction, delay or cancellation of wind farm projects to be or being developed by our customers, due to intense competition in the wind power industry, general decline in the economy or otherwise, which could lead to a decline in wind turbines purchased by our customers;
- the decision by one or more of our significant customers to select one or more of our competitors to supply wind turbines;
- the loss of one or more of our significant customers and our failure to identify and obtain additional or replacement customers that can replace the lost sales volume at satisfactory pricing or other terms; or
- the failure or inability of any of our significant customers to make timely payment for our products and services.

These factors may result in a lack of certainty and predictability about our sales, which may fluctuate unpredictably depending on customer demand and orders. We anticipate that our dependence on a limited number of customers will continue for the foreseeable future. We do not enter into long-term contracts with our customers, but instead, wind turbine sales contracts for particular wind farm projects. As a result, we are subject to the negotiation of pricing and other terms on a project-by-project basis. Therefore, the contract selling prices that we are able to agree on with our customers are subject to fluctuation and uncertainty.

We cannot assure you that our customer relationships will continue to improve or if these customers will continue to generate significant revenue for us in the future. Any failure to maintain our existing customer relationships or to expand our customer base will materially and adversely affect our results of operations.

In addition, a significant portion of our outstanding trade receivables is derived from sales to a limited number of customers. Our largest and the second largest trade receivable balance (after allowance for doubtful debts) were due to us from Huaneng and China Datang, respectively, in the amount of RMB1,032.9 million (US\$170.6 million) and RMB623.0 million (US\$102.9 million), respectively, representing approximately 24.3% and 14.7%, respectively, of the total trade receivables as of December 31, 2013. The failure of any of these customers to meet their payment obligations would materially and adversely affect our financial position, liquidity and results of operations.

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Our business prospects highly depend on the acceptance and marketability of our new wind turbines utilizing the SCD technology, or the SCD wind turbines.

We have obtained exclusive license rights from aerodyn Asia Co., Ltd., or aerodyn Asia, an affiliate of aerodyn Energiesysteme GmbH, or aerodyn Energiesysteme, to manufacture and distribute wind turbines utilizing its advanced SCD technology in China, namely SCD wind turbines, with a rated power capacity ranging from 2.5MW to 3.0MW, or the 2.5/3.0MW SCD wind turbines, and a rated power capacity of 6.0MW, or the 6.0MW SCD wind turbines. The SCD technology is a new technology and we are not aware of any commercially available wind turbines utilizing this technology in China. We completed our first 2.5/3.0MW SCD wind turbine prototype in May 2010 which was connected to grid at the end of 2010. We commenced the first small-batch production of the 2.5/3.0MW SCD wind turbines in early 2011 and the major components for 6.0MW SCD wind turbine prototype have been ordered. Therefore, we have completed in-house testing for the generator and have commenced the assembly for the gearbox. In June 2013, we successfully completed our first 6.0MW SCD prototype wind turbine and the preparation for installation was commenced in 2013. We expect to finish the installation in mid of 2014. The 6.0MW SCD prototype utilized our advanced two-bladed SCD technologies and is designed mainly for off-shore operation. We may be unable to timely deliver and install our SCD wind turbines in a commercial scale in the future and the SCD wind turbines may perform below expectations. For instance, we have finished the design work for the 58.5 meter diameter carbon rotor blades for SCD3.0MW wind turbine, which is designed and suitable for low wind speed areas. However, we intentionally postponed the commercial manufacturing of this carbon blade and SCD wind turbine modification given the current high manufacturing costs.

In addition, we may not be able to generate sufficient customer demand and the level of acceptance of the SCD technology by our customers is uncertain. Under our license agreement with aerodyn Asia, after we enter into the series production stage of the SCD wind turbines, we need to obtain an approval from aerodyn Asia with respect to the production and relevant royalty payments, upon which we are obligated to pay an advance minimum annual royalty payment. These advance amounts will not be refunded. As such, if we cannot generate sufficient market demand for our SCD wind turbines, we may be obliged to make payments to aerodyn Asia even if we do not generate any income from the sales of our SCD wind turbines. As of the date of this annual report, no such approval had been issued by aerodyn Asia as the conditions were not met and consequently, we had not made any advance minimum annual royalty payment.

Our SCD wind turbines may be used for offshore applications, which pose unique design, installation and post-sales servicing challenges compared to our onshore models. However, due to the fact that our SCD wind turbines are based on a new technology and that the long-term reliability of such technology has not been proven, it is uncertain whether our SCD wind turbines can be installed on offshore wind farms and will perform as designed. It has not been proven whether the special surface treatment and design of our SCD wind turbines are adequate for the erosive and salty environments that are typical of offshore wind farms. The installation and maintenance of such offshore wind turbines are expected to be more difficult, labor intensive and costly. For example, we intend to install our 6.0MW SCD wind turbines farther offshore than 2.5/3.0MW SCD wind turbines to take advantage of stronger and steadier winds found at sea. This requires implementing advanced technologies and incurring additional material and labor costs relating to the construction of platforms that are stable enough to support the weight of the wind turbines and withstand severe weather conditions and strong wave forces under the water. Furthermore, additional costs for transporting raw materials and components during construction as well as maintenance staff to regularly access those offshore wind farms throughout the wind farm operation cycle may not be economically feasible. The operation and maintenance of offshore wind turbines may also be significantly affected by marine weather and water conditions. In addition, it is vital that the wind turbines used on offshore wind farms are reliable in order to minimize maintenance cost. Lastly, competitors may develop, for use in wind farms located farther offshore, large multi-megawatt wind turbines that have technological or cost advantages over our SCD wind turbines.

Moreover, the development of offshore wind turbines and their key components is still in the early stage in China, where wind farm operators have limited operating experience with offshore sites. Offshore wind farms may not be economically sustainable. For example, the cost of building the platforms, placing electric wires underwater and establishing grid connection for offshore wind farms is substantially higher, as compared to that of the onshore wind farms. Consequently, the development of offshore wind farms may progress more slowly than expected, which will materially and negatively impact the offshore segment of the wind turbine industry, which, in turn, may adversely affect the demand for our SCD wind turbines.

If we are unable to maintain a satisfactory relationship with aerodyn, our business may be adversely affected.

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We co-designed and co-developed our 1.5MW wind turbines with aerodyn Energiesysteme after we received relevant technical documents and drawings with respect to their turbine manufacturing technologies from Zhongshan Mingyang Electrical Co., Ltd., or Mingyang Electrical, which initially obtained them from aerodyn Energiesysteme. We also used aerodyn Energiesysteme's rotor blade technologies to manufacture rotor blades of our 1.5MW wind turbines. We have obtained exclusive license rights from aerodyn Asia under a license agreement to manufacture and distribute 2.5/3.0MW SCD wind turbines and 6.0MW SCD wind turbines in China. Under a supplemental agreement signed with aerodyn Asia in July 2010, we were allowed to distribute 2.5/3.0MW SCD wind turbines in the states of the American continent, subject to the consent of aerodyn Asia on a project-by-project basis. Our rights to distribute 2.5/3.0MW SCD wind turbines and 6.0MW SCD wind turbines on an exclusive basis will expire on January 1, 2016 and January 1, 2019, respectively. If we are unable to maintain a satisfactory relationship with aerodyn Asia and aerodyn Energiesysteme, collectively, aerodyn, or if aerodyn establishes similar or more favorable relationships with our competitors, whether or not in violation of its contractual arrangements with us, our operating results and our business would be harmed. We cannot assure you that aerodyn will not terminate the existing license agreements to our disadvantage or that it will grant us additional licenses for any new technologies or products it may develop in the future. Under our license agreement with aerodyn Asia, we are prohibited from granting sublicenses to affiliated entities, entering into joint ventures or similar partnerships or contracting subsidiaries other than Guangdong Mingyang Wind Power Industry Group Co., Ltd., or Guangdong Mingyang, to manufacture either the rotor blades or the SCD wind turbines without aerodyn Asia's consent. Any deterioration of our relationship with aerodyn could harm our business operation and the growth of our business.

Our limited operating history may not serve as an adequate basis to judge our future prospects and results of operations.

We were founded as a subsidiary of Mingyang Electrical and commenced operations in June 2006. Our limited operating history provides a limited basis for you to evaluate the viability and sustainability of our business. We successfully installed our first wind turbine prototype in October 2007 in Guangdong Province and we made our first commercial delivery of wind turbines in May 2008 to a wind farm located in Inner Mongolia. We delivered 1,090 units, 472 units and 614 units of wind turbines in 2011, 2012 and 2013, respectively, of which 980 units, 518 units and 549 units were commissioned and revenue recognized. Our revenue in 2011, 2012 and 2013 from the sales of wind turbines was RMB5,438.1 million, RMB2,649.7 million and RMB2,688.8 million (US\$444.1 million), respectively.

To sustain our growth, we must, among other things, further expand our production capacity and customer base. The growth of our business will impose substantial demands on our managerial, operational, financial and other resources as well as increase our working capital needs. Our ability to grow our business is subject to other risks and uncertainties, including the following, some of which are commonly experienced by other China-based early-stage companies:

- retain and acquire customers and accurately assess and meet their needs and market demands;
- design and upgrade products tailored for the wind and weather conditions in China and other international markets where our products are intended to be installed, that meet the demands of our customers;
- competitively price our products and services;
- maintain and expand our relationships with technology partners;
- respond to changes in the industrial standards and regulatory environment in the wind power equipment industry as well as the industry in which our customers operate;
- manage risks associated with intellectual property rights;
- increase marketing, sales and post-sales services activities and otherwise increase customer awareness and acceptance of our products and services;
- manage our raw material and component supplies;
- raise sufficient capital to sustain and expand our business;
- manage and implement new business models, including engineering, procurement and construction, or EPC, arrangements, and
- attract, retain and train qualified personnel.

If we are unsuccessful in addressing any of these risks and uncertainties, our business, financial condition, results of operations and future growth would be materially and adversely affected. In addition, the success of our growth strategies depends on a number of external factors that are beyond our control, for example, the expected growth of China's alternative energy industry in general and wind power equipment industry in particular and the competition from other wind power equipment manufacturers. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies or respond to competitive pressures.

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We incurred a loss of RMB223.1 million in 2009 and became profitable in the first quarter of 2010 and generated net profit in the amount of RMB709.2 million and RMB292.3 million in 2010 and 2011, respectively. We incurred a loss of RMB300.8 million and RMB647.4 million (US\$106.9 million) for the years of 2012 and 2013, respectively, primarily due to the significant decrease in the total number wind turbines commissioned in a volatile and competitive economic environment and the decrease in the average selling prices of wind turbines we delivered during this period. We cannot assure you that we will be able to sustain profitability in the future. Our ability to maintain and increase profitability depends, to a significant extent, on our ability to continue to grow our business and to control our costs, which is subject to the risks and uncertainties associated with our business.

Problems with quality or performance in our products as well as product liability claims could result in negative impact on our relationships with customers and our reputation and cause reduced market demand for our products.

We perform a functionality test on our wind turbines after the installation work has been completed in order to test the performance of our wind turbines to make sure they meet all of the specific acceptance criteria of our customers. The completion of the functionality test after the installation indicates that our wind turbines have been commissioned. A durability test, which typically lasts 240 hours but may be as long as 360 or 500 hours on a case-by-case basis upon customers' request, is subsequently performed to ensure proper and stable connection of our wind turbines to power grids. The warranty period of our wind turbines typically commences after they pass the durability test. We cannot assure you that our wind turbines will not incur any operational problems in the future and if it happens, such problems may have a material and adverse effect on our reputation and results of operation.

The performance and operational reliability of the wind turbines we manufacture in the medium- and long-term are uncertain. Although wind turbines are generally designed for a 20-year life cycle, we cannot assure you of the operational life of our wind turbines or about their medium- to long-term performance and operational reliability. We also provide warranty for our wind turbines after they have passed the durability test. We are generally obligated to pay a monetary damage in the case of non-performance or underperformance. Customers can also choose to replace the wind turbines if the annual power output of our wind turbines does not exceed certain designed power output after extensive verification.

Problems with the quality or performance of the wind turbines we manufacture also expose us to potential product liability claims. While we have not yet experienced any significant product liability claims, as a result of our limited operating history, we cannot predict whether product liability claims will be brought against us in the future or the impact of any resulting negative publicity on our business. Any product liability claims or regulatory actions related to problems in the quality or performance of our products could be costly and time-consuming to defend. The successful assertion of product liability claims against us could result in potentially significant damages and require us to make significant payments. We currently do not maintain product liability insurance to cover potential bodily injury or property damages arising from the operations of our products and may be unable to obtain sufficient product liability insurance coverage on commercially reasonable terms or at all. Moreover, any product liability claim, with or without merit, could result in significant negative publicity and materially and adversely affect the marketability of our products and our reputation. Additionally, a material design, manufacturing or quality failure or defect in our products or other safety issues could warrant a product recall by us and result in increased product liability claims. If the authorities in the jurisdictions where we sell our products decide that these products failed to comply with applicable quality and safety requirements, we also could be subject to regulatory actions.

Any defect, underperformance or problem of our wind turbines or any perception that our products may contain errors or defects, or any product liability claims related to such errors or defects, may adversely impact our customer relationships and harm our reputation and credibility, resulting in a reduced market demand for our wind turbines, decrease in our revenue, increase in our expenses and loss of market share.

Unanticipated delays, postponements or even cancellations of our wind turbine orders may adversely affect our business, financial condition and results of operations.

Our order book comprises firm purchase orders for our wind turbines for particular wind farms under sales contracts that specify the delivery of wind turbines at predetermined intervals over a period of several months and payments to us in installments. However, there can be no assurance that such orders will not be cancelled, delayed or reduced, or that our customers will perform in full their payment and other obligations in accordance with the sales contracts. Adverse changes in current global financial markets and wind power industry or other factors beyond our control, or the control of our customers, may cause our customers to delay, postpone or cancel their wind farm projects whether as a result of delays or failures to obtain necessary permits, authorizations, or as a result of other difficulties or obstructions. For example, in 2011 and 2012, due to the slow-down in the wind power industry and the adverse weather condition in China, some of our customers rescheduled their wind farm construction and installation plans, which in turn resulted in the delays of a portion of our wind turbine deliveries. Though we did not encounter such delay in 2013, we cannot assure you that similar delays and postponements or even cancellations will not occur in the future.

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A certain portion of our wind turbine sales contracts do not specify the delivery schedule and our customers have discretion to decide the timing of delivery. In addition, under many of our sales contracts, our customers have the right to cancel, at any time and at their discretion upon one-month prior written notice, orders for the wind turbines that have not already been assembled and not readied for delivery by the end of the notice period, provided that the customers compensate us for a portion of the cancelled units at a mutually agreed amount or purchase certain additional remaining units under such sales contract at the contract price. Due to the nature of the wind turbine business and common practice in the wind power industry in China, wind farm operators usually are in a stronger bargaining position than turbine suppliers and consequently in most cases the terms and conditions of wind turbine sales contracts used in this industry in China are generally favorable to wind farm operators. As we negotiate the terms in sales contracts with our customers on a project-by-project basis, we cannot predict for which projects the customers will have the right to cancel orders. In addition, we cannot assure you that customers will not exercise the right to cancel all or part of purchase orders in the future. Furthermore, most of our sales contracts do not provide for additional penalties for failures to purchase or delays caused by our customers, and even if the contracts provide for such penalties, the full value of the sales contracts may not be recoverable. Accordingly, our order book is not a guarantee of our future revenue, but, rather, it represents business that is considered likely to be engaged. In addition, we may need to order special components in connection with certain wind turbine sales contracts, and in the event such wind turbine sales contracts are delayed or cancelled in the future, our inventory level may be higher than planned and we may need to absorb the cost for the already purchased components.

If we fail to deliver wind turbines on time, we may be required to pay penalties and our orders may be cancelled and our results of operations may be negatively affected.

We are required to deliver wind turbines according to the delivery schedules set out in the sales contracts or as we and the respective customers may otherwise agree. If we fail to deliver our wind turbines on time, we may be required to pay a penalty for each week of such delay, calculated as a percentage of the total contract value, which percentage increases together with the length of the delay. Our customers can deduct such penalty amounts from their payments to us. Our customers also have the right to cancel part or all of orders in the event of significant delays as a result of our fault. We cannot assure you that we will deliver our wind turbines on time in the future due to delays in supply of raw materials or components, limitation in production capacity or any other reasons that may be beyond our control and we may not be able to seek compensation from suppliers or other parties. If such delays occur, we may incur penalties, customers may cancel their orders and our financial condition, results of operations and our reputation may be materially and adversely affected.

We may not be able to manage our expansion efficiently, in particular, overseas market expansion, which could materially and adversely affect our operating results.

Historically, we have derived our revenue from customers who are major national or regional large power operators in China. To expand our business operations, we have been actively developing markets outside of China and the number of wind turbines shipped to overseas customers has been increasing. However, such expansion requires significant managerial, operational, technical, capital and other resources. To successfully implement our overseas expansion plans, we also need to recruit, train and retain qualified management personnel as well as other administrative and sales and marketing personnel as we expand into new overseas markets. We cannot assure you that we will be able to effectively and efficiently manage the growth of our operations or integrate new operations in a cost effective manner.

In November 2012, Mingyang Singapore acquired a 50% equity interest in Global Wind Power Limited, or GWPL, in India. We expected to integrate most of GWPL's supporting functions into our existing operations. We are required to obtain certain approvals and type certifications in order to sell our wind turbines in India. We have obtained one certificate for our MY1500/77 wind turbine model from Centre for Wind Energy Technology, or C-WET, an Indian local certification body in the wind energy sector, and are in the process of obtaining additional type certificates for more turbines of our product portfolio. We may not be able to sell the full range of our wind turbines in India before such requisite approvals or certificates are obtained or other administrative procedures are completed. If we fail to complete such procedures in a timely manner or at all, our expansion plan, business and results of operations may be materially and adversely affected.

Moreover, GWPL's operational and financial performance has had, and may continue to have, an adverse impact on us. Since the completion of the acquisition until December 31, 2013, we consolidated GWPL's results into our financial statement, which contributed revenue of RMB68.9 million (US\$11.4 million) and a net loss of RMB366.0 million (US\$60.5 million) (including impairment loss for goodwill attributable to GWPL) to our consolidated financial results for the year ended December 31, 2013. Since January 1, 2014, we waived our right to appoint a simple majority of the members of the board of director of GWPL and the right to cast vote at any general shareholders meeting of GWPL. As a result, GWPL was treated as a joint venture of us since January 1, 2014 and we no longer consolidate its results into our financial statements for the year ending December 31, 2014 and beyond.

As we expect to continue to implement our expansion strategy, we cannot guarantee that we will be able to effectively and efficiently manage the growth of our operations, or integrate new overseas operations in a cost effective manner. Any such failure may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our results of operation.

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A severe and prolonged global economic recession and the corresponding slowdown in the Chinese economy may adversely affect our business, results of operations and financial condition.

The global financial markets experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. The recovery from the lows of 2008 and 2009 was uneven and it is facing new challenges, including the escalation of the European sovereign debt crisis since 2011. It is unclear whether the European sovereign debt crisis will be continued and what effects it may have. We cannot assure you that the European sovereign debt crisis will not have any adverse impact on our expansion plan in European market.

In addition, there are considerable uncertainties over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies, including China. There have also been concerns over unrest in the Middle East and Africa, which have resulted in higher oil prices and significant market volatility, and over the possibility of a war involving Iran. There have also been concerns about the economic effect of the earthquake, tsunami and nuclear crisis in Japan.

Furthermore, economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition. Our customers may reduce demands for our products due to the overall slower growth of the wind power industry, while we may have difficulty expanding our customer base fast enough, or at all, to offset the impact of decreased spending by our existing customers. To the extent we offer credit to any customer and such customer experiences financial difficulties due to the economic slowdown, we could have difficulty collecting payment from such customer.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence in our company and the market price of our ADSs may be adversely affected.

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During the course of the preparation and external audit of our financial statements as of December 31, 2013 and for the year ended December 31, 2013, we and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of a company's financial statements will not be prevented, or detected and corrected on a timely basis. The identified material weaknesses related to the ineffective operating controls of our Indian operating segment over the impairment test for intangible assets and inventory management process, and inadequate oversight of financing transactions. The above material weaknesses resulted in material adjustments in our Indian operating segment to correct the overstatement in the carrying amounts of intangible assets and inventories, the understatement of cost of sales and the under-accrual of interest expenses for loans from related parties.

As a public company in the United States, we are subject to the reporting obligations under the U.S. securities laws. Under rules and regulations implementing Section 404 of the U.S. Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, we are required to include a management report on the effectiveness of our internal control over financial reporting in our annual reports. In addition, under such rules, our independent registered public accounting firm is also required to attest to the effectiveness of our internal controls over financial reporting. Using criteria established in "Internal Control-Integrated Framework (1992)" issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2013 and, as a result of the material weakness described above, has concluded that our internal control over financial reporting was not effective as of December 31, 2013. Our independent registered public accounting firm has also audited and attested, in accordance with the standards of the Public Company Accounting Oversight Board (United States), or the PCAOB, our internal control over financial reporting as of December 31, 2013, and its report dated April 30, 2013 expressed an adverse opinion on the effectiveness of our internal control over financial reporting. We have taken remediation steps to address these control deficiencies, see "Item 15. Controls and Procedures" for more details.

Moreover, during the course of the preparation and external audit of our financial statements as of December 31, 2011, we and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. Although we took certain remedial measures to address the material weaknesses, we cannot assure you that we will be able to maintain effective internal control over financial reporting on an ongoing basis. As effective internal control over financial reporting is necessary for us to produce reliable financial reports, any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could negatively impact the trading price of our ADSs. Furthermore, we may need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of Sarbanes-Oxley and other requirements going forward.

Our research and development efforts may not result in successful new products and market acceptance and profitability of the new products are uncertain.

Our future success highly depends on our ability to keep pace with the rapid technological changes in the wind power equipment industry. In order to maintain and enhance our competitive position that we currently enjoy and to continue to grow our business, we need to design, develop and market new and more cost-efficient wind turbines and introduce new products to meet growing market demands and changing technical standards. The development of new wind turbine models requires considerable investment and our significant expenditures on research and development may not yield as much benefit as we anticipate. On the other hand, since the industry has shifted its focus from size and speed of wind turbines to quality and efficiency, we are required to continuously improve and upgrade our products to ensure the reliability and cost-efficiency. Our research and development expenses accounted for approximately 1.6%, 3.0% and 3.6% of our total revenue in 2011, 2012 and 2013, respectively. We expect to spend a significant amount on research and development and to commit significant investments in product development personnel over the next few years. For example, in March 2012, we established our North American research and development center on the Centennial Campus of N.C. State University in Raleigh, North Carolina, which focuses on enhancing the energy output and lowering the cost of electricity of offshore wind turbines. However, research and development activities are inherently uncertain and the success of our new products will depend on a number of factors, including product quality, competition, customer acceptance, price, general market conditions, government incentives, our ability to integrate customer feedback into our new products, our ability to accurately assess technological trends and customer needs and the strength of our marketing and distribution capabilities. For example, under a mutual agreement with aerodyn Asia, we rescheduled the commencement of the cooperative activities for 6.0MW SCD technologies from February 2009 to January 2010 due to market conditions. We cannot assure you that similar delays and postponement will not reoccur in the future.

Further, our competitors may adopt more advanced technologies or develop products that are more effective or commercially attractive at an even lower cost than we do. If our competitors' products are more effective or commercially attractive than ours, sales of our products may be negatively impacted, which could have a material and adverse effect on our financial position and results of operations.

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We may experience difficulty in collecting trade receivables from our customers and our liquidity and financial condition and results of operations would be negatively impacted.

We derive our revenue from the sale of products and technical and maintenance support services to our customers and are subject to counterparty risks. Due to the high unit prices of our wind turbines, we usually maintain a high trade receivable balance and our trade receivables are collected over a long period, in accordance with industry practice and contract negotiations.

As of December 31, 2011, 2012 and 2013, our trade receivable balance (after allowance for doubtful debts), including trade receivables from Mingyang Electrical, was RMB4,655.9 million, RMB4,571.8 million and RMB4,249.9 million (US\$702.0 million), respectively. The average turnover days of our trade receivables were 242 days, 596 days and 550 days for 2011, 2012 and 2013, respectively. The significant increase in the average turnover days from 2011 to 2012 was primarily due to the inability of our customers to obtain funding from financial institutions in a timely manner resulting from the tightened monetary policy adopted by PRC government which delayed the approval of loan applications of such customers. The increase in the average turnover days was also attributable to a lower portion of down payments collected from our customers in response to severe competition in wind power industry in China. The decrease in the average turnover days from 2012 to 2013 was primarily due to our effort in accelerating the collection of trade receivables.

In addition, allowances are made against trade receivables to the extent amounts are considered to be uncollectible or unlikely to be collected within a reasonable period of time vary depending on the customer's financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns as well as overall market conditions and historical losses. Although we have been seeking to improve our trade receivable balance by providing additional payment options to customers, including discounts for early settlement, we expect neither the collection nor the age of our receivables to improve significantly in the foreseeable future. In addition, we cannot assure you that our customers will meet the payment obligations on time or in full or that the level of bad debts will not increase. Any inability on the part of our customers to settle amounts owed to us on time may have a material and adverse effect on us. As our business continues to expand and current industry payment and collection practices as well as our own billing practices remain the same, we may be expected to maintain high trade receivable balances, which could negatively affect our cash flows, particularly our short-term cash flows. If the age of our receivables increases, our exposure to the credit risk of our customers would increase as well. Allowance for doubtful debts was RMB61.8 million, RMB212.3 million and RMB377.8 million (US\$62.4 million) as of December 31, 2011, 2012 and 2013. If we incur bad debt expenses as a result, our results of operations would be negatively impacted.

In addition, our customers make payments in installments after they have signed the sales contracts with us. This is a typical arrangement in China's wind power equipment industry as necessitated by the substantial capital investment requirement in connection with wind farm projects. If we do not offer this arrangement, we could lose our customers and be unable to sustain our future business growth. This installment arrangement exposes us to additional business and credit risk and uncertainty, in particular, the risk of default or delay by customers in payment under the wind turbine sales contracts. Such risks may become more prominent in an economic slowdown or recession, which may result in increased delinquencies, foreclosures and losses. Our litigation and servicing costs may also increase as a result. Our inability to collect payments from our customers in a timely and sufficient manner may adversely affect our liquidity, financial condition and results of operations.

We may be unable to receive compensation from suppliers for defective raw materials or components used in our wind turbines and warranty provisions in our supply contracts may be insufficient.

In the event that we become subject to product liability or warranty claims caused by defective raw materials or components from third-party suppliers, we can attempt to seek compensation from the relevant suppliers. However, warranties provided by suppliers may be for periods shorter than the warranty periods we provide to our customers and warranty claims against suppliers may be subject to certain conditions precedent which may not be satisfied. Further, our supply contracts usually do not have provisions to cover lost profits and indirect or consequential losses. If no claim can be asserted against a supplier, or amounts that we claim cannot be recovered from the supplier, to the extent that such amounts cannot be covered by insurance coverage, if any, we may be required to bear customer claims or replace the wind turbines or components at our own costs. Our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to protect our patents and other intellectual property rights or we may be subject to claims for the infringement of intellectual property rights of others.

As of December 31, 2013, we had obtained two copyrights, 132 patents and a number of patent applications at various stages pending in China, all of which were granted initial approval. Our success depends in part on our ability to obtain and maintain patents and other intellectual property protection for our products and technologies and our ability to successfully protect such intellectual properties and to defend ourselves against third-party challenges. We cannot assure you, however, the protection measures we currently implement are adequate to enforce such protection efficiently or to prevent any unauthorized use of our intellectual property by third parties, nor can we assure you that our competitors will not independently develop or license from third parties the technologies that are equivalent or superior to our technologies, in which case we would not be able to gain or keep our competitive advantage.

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Our success also depends largely on our ability to develop and use our technology and know-how through cooperation with our technology partners without infringing the intellectual property rights of third parties, as well as our ability to use the technology we license from our technology partners. However, we cannot assure you that our technology partners actually have the requisite intellectual property rights, nor can we assure you that they have not infringed other third parties' patents, trade secrets, know-how or other intellectual property rights. In addition, as we adopt new technologies and roll out new products, we face the risk of being subject to intellectual property infringement claims that may arise from the use of such new technologies and the provision of new products. We have obtained exclusive license rights from aerodyn Asia to manufacture and distribute wind turbines by using its SCD technologies in China. We have non-exclusive rights transferred from Mingyang Electrical to use aerodyn Energiesysteme's blade technologies for our 1.5MW wind turbines. Our technology partners including aerodyn may license their relevant technologies to our competitors or other third parties. To the extent these technologies provide us any competitive advantage, such licenses to competitors may allow them to compete against us more effectively. In addition, our competitors may have greater resources and may develop advanced technologies or processes based on these licensed intellectual property rights. If our current licenses with our technology partners are terminated, there can be no assurance that we will be able to independently develop equivalent technology successfully or obtain licenses for alternative technologies, or that we will be able to redesign our production lines to eliminate the need for such a license.

Furthermore, the existence of an intellectual property right may not necessarily protect us from competition, as it may be challenged, invalidated or held to be unenforceable. Competitors may successfully challenge our patents, produce similar products that do not infringe our patents or produce products in countries that do not recognize our patents. Our patent priority in the PRC may be defeated by third-party patents issued on a later date if the applications for such patents were filed before us. Additionally, the existence of a patent does not provide assurance that the manufacturing, sale or use of our products does not infringe others' patent rights. Third parties may also have blocking patents that could be used to prevent us from marketing our own patented products or utilizing our patented technologies or processes. As it may take years for patent applications to be approved, there may be pending applications, known or unknown to us, that may later result in issued patents upon which we may infringe on. Therefore, we may initiate lawsuits to defend our ownership or proprietary design of our products and trade secrets. Moreover, we were in the past and may in the future be subject to claims for the infringement of intellectual property rights of others. We may encounter litigation brought by third parties based on claims that we have infringed upon the intellectual property rights of others or that we have misappropriated the trade secrets of others, either of which will be time-consuming and costly to defend. We cannot assure you that we can achieve a favorable outcome in the litigation, if a claim is asserted. If we are unable to sufficiently protect our patents, trademarks and other intellectual property rights, or successfully defend ourselves from infringement claims, our reputation, financial condition and results of operation may be materially and adversely affected.

We are subject to litigation in China and overseas in the ordinary course of business.

We are from time to time, in the ordinary course of business, subject to various legal proceedings and claims in China. Any such claims, whether with or without merit, asserted or threatened, could be time-consuming and expensive to defend and could divert our management's attention and resources. In addition, we and our overseas subsidiaries, including GWPL, are also from time to time, in the ordinary course of business, subject to various legal proceedings and claims, which require additional resources and costs. We cannot assure you that the outcome of all current or future litigation will not have a material and adverse effect on our business, results of operations or financial condition.

We rely on a limited number of key suppliers and we are subject to risks associated with availability and volatility in the prices of raw materials, components and utilities.

Although we typically have multiple suppliers for each raw material or component, we place a substantial percentage of our orders with a limited number of key suppliers. For example, in 2011, 2012 and 2013, we purchased approximately 46%, 47% and 45%, respectively, of our components from our five largest suppliers, as measured by cost. In particular, approximately 17%, 17% and 18%, respectively, of our components were purchased from our largest supplier in 2011, 2012 and 2013, respectively. With limited exceptions, we do not have long-term supply contracts with our suppliers. Instead, we typically place orders with our suppliers after we secure our wind turbine sales contracts. As such, an increase in demand for our raw materials and components in the future may result in the interruption or delay in the supply of our raw materials and components, which may adversely affect our ability to meet market demand for our products or expand our business as planned. We cannot assure you that such delays will not occur in the future.

Moreover, we may be subject to significant fluctuation in the prices of our raw materials and components, which may increase our operating costs if we are unable to fully pass along such increase to our customers. If we are unable to effectively control our manufacturing costs, in particular, the costs of raw materials and components of our wind turbines, we may not be able to maintain our competitiveness and achieve profitability. Certain components are manufactured or customized for us. If we are unable to secure alternative supply sources in a timely and cost-effective manner or without a reduction in quality, this may harm our reputation, reduce our sales or gross margins and cause us to lose market share. We have in the past experienced delays in the supply of gearboxes from one of our overseas suppliers. We have not experienced any delays since 2010 through 2013. Since January 2011, our key suppliers started to provide us with a five-year warranty over key components, starting from the date that relevant wind turbines commence operation, or a 66-month warranty period, starting from the date of shipment of such parts or components, whichever is earlier.

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We may from time to time purchase certain of our key components from overseas suppliers upon requests from our customers. We may also need to source certain components for our SCD wind turbines from overseas suppliers as such components are not widely available in China. As we import components, we may be required to devote additional effort and time and incur additional transportation costs. If certain of our overseas suppliers fail to deliver the components we purchase in a timely manner, we may have difficulty or incur higher costs identifying replacement suppliers, or we may suffer from reduced product availability, which will further harm our operating results.

We may fail to compete effectively in the wind power equipment industry and may be unable to increase or maintain our market share.

The wind power equipment industry is highly competitive, especially in China. Factors affecting our competitive position include performance of our wind turbines, reliability, product quality, technology, price and the scope and quality of our technical and maintenance support services. Since our inception, we have spent considerable resources on the designing, manufacturing and marketing of wind turbines. However, some of our competitors may have greater brand recognition, greater resources and larger customer bases than we do and new competitors may also emerge and rapidly acquire significant market share. Most of our existing or prospective customers are large state-owned national and regional electric power producers, some of which may leverage their financial and technological advantage to develop and manufacture wind turbines themselves and become our competitors. Furthermore, we expect increasing competition from overseas manufacturers which are expanding or may expand their presence in China, particularly given the cancellation of certain governmental policies supporting domestic manufacturers. Growing competition may result in a decline in our market share or may force us to reduce the prices of our products and technical and maintenance support services, which will negatively affect our revenue and margins. We cannot provide any assurance that we will be able to compete successfully against our competitors.

Our cooperative framework agreements with local governmental authorities and wind farm operators may not be enforceable under PRC law and our business, financial condition, results of operations and prospects may be materially and adversely affected if these agreements are not performed as intended.

From time to time, we enter into cooperative framework agreements with local governmental authorities and wind farm operators in order to obtain access to wind resources. For example, in May 2011, we entered into a framework agreement with the local governmental authority in Ganzhou, Jiangxi Province, in connection with granting us priority to obtain rare earth resources and to supply wind turbines for proposed wind farm projects. In October 2011, June 2012 and April 2012, we entered into a strategic cooperative agreement with the Committee of High-Tech Industry Development Zone of Yangjiang, Guangdong Province and the local governmental authorities of Gaozhou, Guangdong Province and Dali Bai Autonomous Region, Yunnan Province, respectively, in connection with granting us priority to develop wind farm projects. In March and July 2013, we entered into cooperative agreements with the local governmental authorities in Ar Khorchin Banner of Inner Mongolia and Rongjiang County, Guizhou Province, respectively. In October 2013, we entered into a wind-solar project investment agreements with the local governmental authority in Qinghai Province. These agreements are in connection with wind farm development and wind turbine supply.

Under these agreements, we generally agreed to invest and establish facilities in these regions, in exchange for which, we obtained land, tax and other policy incentives from local governments and these wind farm operators agreed to purchase our wind turbines with the first priority. Subject to PRC laws and regulations, the local governments may not have the authority or power to provide us with the tax, land and other policy incentives and that the obligations of the local governments to provide us with tax, land and other policy incentives and the obligations of the wind farm operators to purchase our wind turbines may not be enforceable under PRC law as the performance of these obligations may violate PRC laws, rules and regulations, including but not limited to the *Opinions on Curtailing Over-capacity and Excessive Construction in Certain Industries and Guiding the Healthy Development of Such Industries* jointly issued by the NDRC and nine other government authorities in September 2009, or the NDRC Opinions, which aims to curb the over-development and investment in industry sectors, including steel, concrete, polysilicon and wind power equipment. Under the NDRC Opinions, among other things, the requirement imposed by local authorities during the bidding process to use locally manufactured wind power equipment or to build wind power equipment production capacity locally is strictly prohibited.

We cannot assure you that those framework agreements we have entered into are enforceable at all and our capital commitments contemplated under these agreements to build factories in the local regions will generate anticipated returns or that any performance of the local governments or wind farm operators of their respective obligations under these agreements, if any, would not cause unintended negative consequences as a result of potential conflicts with other responsibilities or obligations these local governments or wind farm operators ought to perform.

Failure to maintain inventory levels that approximate the demands for our products could cause us to lose sales or result in excessive inventory.

We schedule the procurement of raw materials and components, manufacturing and assembly activities and arrangement of logistics for delivery of our wind turbines primarily on the basis of wind turbine orders and adjust monthly upon actual production and delivery progress. Since our inception, we have experienced only one material delay in the delivery of our wind turbines due to the supplier's delay of a key component. Estimates are inherently uncertain and our customers may cancel or delay their orders under the turbine sales contracts. We cannot assure you that our scheduled manufacturing and assembly activities approximate actual customer delivery needs. If our scheduled manufacturing and assembly is not able to meet the actual delivery needs, we may not be able to maintain an adequate inventory level for our wind turbines and may lose sales and market share to our competitors. In addition, even if we are able to increase our manufacturing and assembly levels to meet unanticipated demands, we may experience significant lead-time for turbine delivery or may not have procured adequate raw materials or components to manufacture the wind turbines. On the other hand, we may also be exposed to increased inventory risks as we may accumulate excess inventory of our products or raw materials or components for our wind turbines resulting from the cancellation of wind turbine sales contracts by our customers. Therefore, our failure to maintain an inventory level that approximates the demands for our wind turbines could have a material and adverse effect on our business, financial condition and results of operations.

Inability of our customers to obtain financing at reasonable and attractive terms for wind farm projects may have a significant adverse influence on our business, financial condition and results of operations.

Most of our customers require bank financing for wind farm projects and therefore the financing terms available in the market have a significant influence on the demand for our wind turbines. Higher levels of interest rates cause wind farm projects to become more costly and less attractive. The ability to obtain financing for a wind farm project also depends on the willingness of banks and other financing institutions to provide loans to the wind power industry. In particular, the global capital and credit markets have been experiencing volatility and disruption since early 2008. Concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit, the mortgage market and a declining residential real estate market in the United States and elsewhere in the world have contributed to market volatility and diminished expectations for the global economy and the capital markets in the future. These factors led to an economic slowdown and may cause difficulties for certain of our customers to access adequate funding to pay for wind turbines they have ordered in a timely manner. In recent periods, there have been renewed concerns about the sustainability of economic recovery which may cause our customers to delay or cancel their investments in wind farm projects and financial institutions may implement more stringent procedures to approve and grant credit facilities or other financial supports. In addition, we experienced increasing finance expenses in 2011 and 2012 resulting from the financial arrangement fees paid to a commercial bank for our customers to obtain lease financing services for the settlement of our trade receivables. We cannot assure you that we will be able to control the increase in such expenses in the future and if we continue to incur such fees for our customers to obtain lease financing services to settle our trade receivables, our finance expenses may further increase which may adversely impact our cash flows and results of operations.

If we are unable to effectively identify and capture international market opportunities or if we fail to market, sell and provide technical and maintenance support services for our products in overseas markets, our business prospects may be affected.

We intend to continue identifying and capturing international market opportunities. For example, we believe that India is a wind power market with great potential and that a local manufacturing presence would better support our expansion in India. Mingyang Singapore acquired a 50% equity interest in GWPL in India in November 2012 in order to take advantage of its established resources, including manufacturing facility, local marketing and operating workforce.

We intend to further expand into selected major overseas wind power markets. To market, sell, deliver and install our wind turbines and provide technical and maintenance support services internationally may expose us to a number of risks, including:

- fluctuations in currency foreign exchange rates;
- difficulties in engaging and retaining distributors or direct sales force who are knowledgeable about, and capable to function effectively in, overseas markets;
- increased operating costs associated with maintaining marketing and sales efforts in various countries and regions;
- increased operating costs associated with transporting our products and the provision of technical and maintenance support services internationally;
- evolving local regulations and government policies;
- difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we intend to offer our products and services, including but not limited to any permits, licenses, registrations or certificates that may be required in those markets;

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- inability to obtain, maintain or enforce intellectual property rights; and
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries and regions. As we have limited experience and resources operating in the international market, we may be unable to efficiently expand our business abroad as we have planned.

We cannot assure you that we will always be able to implement international marketing efforts or make overseas investments at a cost effective manner. If we fail to successfully identify and capture overseas market opportunities, we may not obtain expected investment return and our business operation and financial results may be materially and adversely affected. For example, we decided to terminate our agreements with two Bulgarian companies in connection with two wind power projects with a proposed total capacity of 125MW in Bulgaria, after shipping the first batch of three units of 1.5MW wind turbines in February 2012, primarily due to the unexpected changes in feed-in tariff policy in Bulgaria. In addition, our exclusive license rights from aerodyn Asia to manufacture and distribute our 2.5/3.0MW and 6.0MW SCD wind turbines is limited to China and, as such, our ability to expand in overseas markets depends on our ability to obtain additional licenses from aerodyn Asia. Under a supplemental agreement signed with aerodyn Asia in July 2010, we were allowed to distribute 2.5/3.0MW SCD wind turbines in the states of the American continent, subject to the consent of aerodyn Asia on a project-by-project basis. Furthermore, we are in the process of applying for additional certificates for our turbines from GL and local industry associations which we believe will be required by our customers in India. However, we cannot assure you that we will be able to obtain such additional licenses or certificates within a reasonable timeframe or at reasonable costs, if at all.

If we fail to significantly expand our production capacity and output, we may lose market share.

Our future success depends on our ability to significantly increase our production capacity and output. If we are unable to do so, we may be unable to meet customer needs and market demand, benefit from economies of scale to decrease our costs per wind turbine, apply capital efficiently, maintain our competitive position and improve our profitability.

As we expand our production capacity, our choice of locations for new factories or decision to expand existing factories may become less advantageous to our business, economically or otherwise, due to changes in the market conditions, local government policies, changes in wind conditions or other factors that may be beyond our control. We may need to halt the construction or to delay the commencement of production and may be unable to recover any costs that we may have already spent. At times, we may also need to relocate one or more of our factories to other locations, which will increase our operational costs and cause interruption to our production. For example, we delayed the commencement of wind turbine production at our new Tianjin facilities from early 2010 to the end of October 2010 as we decided to fill additional customer orders using our existing manufacturing facility in Jilin which has sufficient manufacturing capacity and was located closer to such customers.

Our success depends substantially on the continuing efforts of our executive management team and other key personnel and losing their services would severely disrupt our business and materially and adversely impact our results of operations.

Our future success depends substantially on the continuing services of our senior management team, in particular, Mr. Chuanwei Zhang, our chairman and chief executive officer, who founded Mingyang Electrical and us. Mr. Zhang has over 20 years of relevant experience in the electrical equipment sector and the wind power equipment industry and works on a full-time basis for our company. We also rely on the continuing services of Mr. Song Wang, one of our founders and senior vice president who has over 20 years of research and industry experience, Mr. Jiawan Cheng, our chief operation officer who is a wind power expert with over 20 years of experience in procurement, approximately seven of which were spent in the wind power equipment industry. If one or more of our senior executives or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, our business may be disrupted and our financial condition and results of operations may be materially and adversely affected.

We do not maintain key-man insurance for members of our management team or any of our other key personnel. If we lose the services of any senior management and key personnel, we may not be able to locate suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects. In addition, if any of our senior management or any of our other key personnel joins a competitor or forms a competing company, we may lose some of our customers and trade secrets. While we protect our trade secrets by entering into non-disclosure/confidentiality and non-competition agreements with each of our executive officers as well as key personnel who have access to sensitive and confidential information, we cannot assure you that, in light of uncertainties associated with the PRC legal system, these agreements could be enforced in China.

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Our business depends on our ability to maintain a skilled labor force and our business may be adversely disrupted if we fail to continue to attract, train and retain our highly qualified technical personnel.

Our success depends, to a significant extent, on our ability to attract, train and retain our technical experts, research and development personnel, engineers, post-sales services personnel and sales and marketing personnel. In particular, Mr. Song Wang and Mr. Jiawan Cheng are two of the ten recognized experts in China's wind power industry. Dr. Renjing Cao, our chief technology officer, is an award-winning scholar in the field of turbine design and Mr. Wenqi Wang, our special consultant and a wind power equipment specialist in China with more than 20 years of industry experience, provided valuable services in leading our research and development efforts on our 1.5MW and SCD wind turbines. Recruiting and retaining capable personnel, particularly those with expertise and experience in the wind power equipment industry, are vital to our success. There is substantial competition for research and development personnel, qualified technical experts, engineers, post-sales service providers and sales and marketing professionals, and there can be no assurance that we will be able to continuously attract or retain these individuals. If we are unable to attract and retain valuable employees, to keep pace with our expected growth, our business may be materially and adversely affected.

If we fail to obtain or maintain applicable licenses or registrations for our products, or if such license or registrations are delayed, we will be unable to commercially manufacture, distribute and market our products at all or in a timely manner, which could significantly disrupt our business and materially and adversely affect our sales and profitability.

The manufacturing of our rotor blades and wind turbines and the selling and servicing of our wind turbines are subject to regulations in China and may be subject to regulations of the countries where we plan to conduct our business. For instance, we are required to obtain land use right certificates, property ownership certificates, planning permits, construction permits and fire safety permits for each of our manufacturing factories built by ourselves, prior to the commencement of production, some of which may be subject to periodical renewal and inspection. In addition, our subsidiaries in China are required to obtain business licenses, entity code certificates, tax registration certificates, social insurance registration certificates and pollution discharge permits for their ongoing business operation. Our production facilities must meet certain production safety requirements and pass safety inspections conducted by relevant government authorities. We are also required to obtain the pollutant discharge permits and comply with relevant environmental and safety regulations for our rotor blade and turbine production. Failure to obtain or maintain or delay in obtaining any of these permits, licenses and registrations may subject us to fines or penalties or business interruption and therefore could have a material and adverse effect on our business and prospects.

Our failure to obtain or maintain product certifications may negatively affect the sales of our wind turbines.

We have obtained several certifications for our products, including the statements of compliance for design assessment for MY1.5s and MY1.5se models from GL, an international certification body in the wind energy sector, product design certificates from China General Certification Center, or CGC, for our MY1.5se and MY1.5sl models and our 2.5MW SCD wind turbine, and a certificate for our regular rotor blades from China Classification Society Certification Company, or CCSC. We are currently at various stages of applications for additional certifications, such as type certificates for our wind turbines with GL.

We believe these certifications for our products enhance the credibility of our products and our brand reputation. However, we may experience an unanticipated delay in securing a necessary certification or failure to renew our existing certifications, which may impair our established reputation and prevent us from attracting new customers. For example, certain procedures of the issuance of product certifications, such as type certificate from GL, may involve on-site data collection and examination, which may be delayed due to unexpected adverse weather conditions or unavailability of power grids. In addition, some of our customers have required that our wind turbines be certified. While we have obtained such requisite certificates for the wind turbines we have manufactured and commissioned, and the current industry practice in China does not require mandatory certification, we may be required to provide various certifications in the future if wind farm operators begin to require product certificates as a prerequisite for participation in the competitive bidding process they organize, and under that circumstance, any delay in obtaining or failure to maintain such certificates for the wind turbines we produce in the future may cause us to lose sales.

We may not be able to identify suitable targets for or finance future acquisitions or strategic alliances or we may fail to integrate acquired businesses into our businesses successfully.

To grow our business, we may pursue acquisitions or strategic alliances that are complementary to our business. In particular, we plan to selectively acquire component manufacturers in order to ensure quality of supply and to provide additional sources of revenue. However, we may not be able to identify and secure suitable opportunities. Our ability to consummate and integrate effectively any future acquisitions or enter into strategic alliances on terms that are favorable to us may be limited by a number of factors, such as suitable targets at appropriate valuations and, to the extent necessary for larger acquisitions, our ability to obtain financing on satisfactory terms, if at all.

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Moreover, if a potential candidate is identified, we may fail to enter into a cooperation agreement or acquisition agreement for the candidate on commercially reasonable terms or at all due to the lack of cooperation from counterparties or for other reasons. The negotiation and completion of potential acquisitions or strategic alliances, whether or not ultimately consummated, could also require significant diversion of management's time and resources and potential disruption of our existing business. Further, the expected synergies from future acquisitions or strategic alliances may not actually materialize. In addition, future acquisitions or strategic alliances could result in the incurrence of additional indebtedness, costs and contingent liabilities. Future strategic alliances or acquisitions may also expose us to potential risks, including risks associated with:

- the integration of new operations, services and personnel;
- unforeseen or hidden liabilities;
- the diversion of financial or other resources from our existing businesses and technologies;
- our inability to generate sufficient revenue to recover costs and expenses of the strategic alliances or acquisitions; and
- potential loss of, or harm to, relationships with employees or customers.

Any of the above risks could significantly impair our ability to manage our business and materially and adversely affect our business, results of operations and financial condition.

We recently began to enter into EPC arrangements for certain wind farm projects which may expose us to various new risks and uncertainties.

We began to enter into EPC arrangements in late 2011 for certain wind farm projects as a cost-efficient solution attractive to customers. However, the success of this business model in the long term is uncertain. Under EPC arrangements, we develop the entire wind farm project, either through an investment in a proposed project company or the engagement in the wind farm construction directly at our own costs and expenses, including the installation of our wind turbines, with the intention to sell and transfer to the end customers our capital investment in the project company or the wind farm, as the case may be, for an expected consideration consisting of our initial capital contribution and an agreed fixed return of a certain percentage of such initial investment, upon its completion. To implement EPC arrangements, we invested in joint ventures which are expected to operate wind farm projects. Under most of our current EPC arrangements, we do not recognize revenue from the sale of wind turbines to these joint ventures until they have demonstrated their current ability to settle the sales amount, which is usually evidenced by these entities obtaining financing independently from us.

We may be required to source substantial financial support from commercial banks or financial institutions to implement our EPC arrangements. The success of this new business model is subject to various risks and uncertainties, including:

- the experience in managing EPC arrangements, in particular, the construction work of wind farms;
- the need to raise additional funds to finance our new investments in project companies or in wind farms projects, which we may be unable to obtain on reasonable terms or at all;
- the longer cash conversion cycles and accounts receivable turnover time than our existing core business model, partially due to the long construction period for wind farm projects;
- the significant portion of restricted cash, mortgages or other pledges we may be required by commercial banks for borrowings to facilitate EPC arrangements;
- the significant costs incurred by us in developing wind projects that may exceed our budget and may negatively impact our liquidity for the growth of our other core businesses;
- our ability to sell and transfer the project company or wind power project to customers for a commercially reasonable consideration within targeted timelines, or at all;
- the credit worthiness of our potential customers and their ability and willingness to purchase, or to obtain sufficient financial support to purchase, our wind power projects; and
- other uncertainties or unpredictable changes in wind power industry.

As of the date of this annual report, we had 13 ongoing EPC arrangements with an aggregate of 351 units of wind turbines. If we are not able to successfully manage the risks and uncertainties associated with the EPC arrangements, our business, results of operations and financial condition may be materially and adversely affected and our reputation may also be impaired.

Noncompliance with environmental and safety regulations may result in potentially significant monetary damages and fines as well as adverse publicity.

As our rotor blade production generates glass fiber dusts, we are required to comply with national and local environmental regulations applicable to us. We believe we are currently in compliance with applicable environmental regulations in all material aspects and have all necessary environmental permits to operate our business as it is presently conducted. However, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial. If we fail to comply with present or future environmental regulations, we may be required to pay substantial fines, suspend production or cease operations and may be subject to adverse publicity. In addition, our production and assembly processes may involve dangerous activities. We are required to comply with all safety requirements and standards applicable to us. If work injury accidents occur, which may result in personal injuries or fatalities and damage to property or equipment, we may be subject to civil or criminal claims and penalties against us. If we are held liable for damages in the event of contamination or injury, it could have a material and adverse effect on our financial condition and results of operations. In our ordinary course of business, we have been subject to fines of nonmaterial amount and other penalties for our failure to obtain pollutant discharge permit as required by environmental regulations and other alleged violation of environmental regulations. We have subsequently obtained a confirmation of no material environmental pollution from relevant environmental authority. However, we cannot assure you that we will not be subject to further penalties imposed by the government as a result of the past violations and that similar violations will not reoccur, which may subject us to future fines and or penalties that may interrupt our operations and damage our reputation.

Our insurance coverage may be inadequate to protect us from potential losses.

We do not maintain business interruption insurance. As the insurance industry in China is in its early stage of development, the business interruption insurance and the product liability insurance available in China offer limited coverage compared to that offered in many other countries, especially in the United States. Any business disruption or natural disaster could result in substantial costs and a diversion of resources, which would have a material and adverse effect on our business and results of operations. On the other hand, our business operations, particularly our production facilities, involve risks and hazards that could result in damage to, or destruction of, property and machinery, personal injury, business interruption and possible legal liability. In addition, we do not have product liability insurance covering body injuries and property damage caused by the products we sell, supply or distribute. Therefore, as with other wind turbine manufacturers in China, we are exposed to risks associated with product liability claims and may need to bear the litigation cost if the use of our products results in body injury or property damage. In March 2011, we purchased an insurance policy covering the expenses and losses we may incur resulting from any product deficiency of our wind turbines. The one-year term insurance policy, which expired in March 2012, covered a batch of 518 units of our wind turbines. The total amount we obtained from claims brought under this insurance policy during the insurance period was approximately RMB8.3 million. Since March 2012, we have not maintained any similar insurance policy. Even if we obtain such insurance, it may not be able to sufficiently cover all of our wind turbines that have been delivered and connected to the grid, nor can we assure you that we will obtain enough insurance proceeds to cover all kinds of expenses we may incur resulting from our product deficiency.

We do not carry key-man life insurance and if we lose the services of any senior management and key personnel, we may not be able to locate suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects. Furthermore, we do not have property insurance and as such we are exposed to risks associated with losses in values of our equipment, facilities and inventory due to fire, earthquake, flood and a wide range of natural disasters. We do not have personal injury insurance and accidental medical care insurance. Although we require that the third-party transportation companies we engage maintain insurance policies with respect to inland transit risks for our products, the coverage may be inadequate to protect us from potential claims against us and the losses that may result.

Our failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

We are required by PRC laws and regulations to contribute towards various government sponsored employee benefit plans, including housing, pension, work-related injury benefits, maternity insurance, medical and unemployment benefit plans, in amounts equal to pre-determined percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government where we operate our businesses from time to time. Our total contribution for such employee benefits as required by applicable PRC regulations amounted to RMB23.1 million, RMB23.0 million and RMB22.3 million (US\$3.7 million) for 2011, 2012 and 2013, respectively, which were recorded in our cost of sales, operating expenses and inventories. We underpaid RMB0.2 million and RMB0.3 million in 2011 and 2012, respectively. The aggregate amount due reached approximately RMB19.6 million, RMB19.9 million and RMB19.9 million (US\$3.3 million) as of December 31, 2011, 2012 and 2013, respectively, which amounts were recorded as accrued expenses and other payables.

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Under PRC laws and regulations, any failure to make requisite contributions may subject us to a late fee and persons in charge may be subject to fines ranging from RMB1,000 to RMB10,000, imposed by administrative authorities or labor arbitrations and relevant employees may have the right to claim compensation from us. We do not currently have plans to settle such underpayments. Such fines or other penalties may be imposed upon us, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our articles of association contain anti-takeover provisions that could have a material and adverse effect on the rights of holders of our ordinary shares and ADSs.

We have adopted the amended and restated articles of association that became effective immediately upon completion of our initial public offering in October 2010. Our new articles of association limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, restrictions, preferences, privileges, and payment obligations, any or all of which may be greater than the rights associated with our ordinary shares in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

If we grant employee share options, restricted shares or other share-based compensation in the future, our net income could be adversely affected.

Our shareholders adopted our 2010 equity incentive plan on August 31, 2010. We are required to account for share-based compensation in accordance with IFRS 2 Share-based Payments, which requires a company to recognize, as an expense, the fair value of share options and other share-based compensation to employees based on the fair value of equity awards on the date of the grant, with the compensation expense recognized over the period in which the recipient is required to provide service in exchange for the equity award. On September 30, 2010, we granted options to purchase an aggregate of 4,600,000 ordinary shares under our 2010 equity incentive plan to certain directors, officers and other employees. The initial exercise price of the options was US\$8.40, representing 60% of the initial public offering price at US\$14.00 per ADS, each ADS representing one ordinary share. Our compensation committee approved an amendment to our 2010 equity incentive plan on August 27, 2013. Subject to the amendment, the exercise price was adjusted to US\$1.29 effective on September 1, 2013. On the same day, we granted an additional 1,840,000 options to purchase our ordinary shares with an exercise price of US\$1.29. As of the date of this annual report, the number of total outstanding options granted under our 2010 equity incentive plan was 4,805,900. In addition, in January 2013, we issued 600,000 ordinary shares from our treasury shares to one of our then senior management as awards to his past service. We incurred share-based compensation expenses relating to the options and share awards in the amount of RMB112.5 million, RMB42.9 million and RMB33.2 million (US\$5.5 million) for the years ended December 31, 2011, 2012 and 2013, respectively. In addition, if we grant options, restricted shares or other stock-based awards in the future, we could incur significant compensation charges and our net income could be adversely affected.

We have significant outstanding borrowings. If we fail to repay the borrowings or to comply with financial covenants under the loan agreements, our financial condition, results of operations and business prospects may be materially and adversely affected.

As of December 31, 2013, our outstanding short-term loans (including the current portion of long-term loans) were RMB1,283.1 million (US\$211.9 million) and bore a weighted-average interest rate of 7.37% and our outstanding long-term loans (less any current portion) was RMB104.0 million (US\$17.2 million) and bore varying interest rates of 5.40% to 14.5%. Although we have been able to obtain renewals of certain of our short-term loans shortly before they would mature, we cannot assure you that we will be able to renew similar loans in the future. Similarly, we cannot assure you that we will be able to rollover or replace our long-term debt when it matures. If we are unable to obtain renewals of or rollover our debt or find sufficient alternative funding on reasonable terms, we may have to repay such borrowings. If we cannot repay our borrowings, our financial condition, results of operations and business prospects would be materially and adversely affected.

Furthermore, we have entered into and may in the future enter into loan agreements containing financial covenants that require us to maintain certain financial ratios. To the extent that we are not able to meet such financial covenants and fail to obtain waivers from the lenders or repay such loans, this may constitute an event of default and as a result, the lenders may refuse to lend additional funds or accelerate the repayment of any outstanding borrowings, which could materially and adversely affect our financial condition, result of operations and business prospects. Furthermore, in response to potential breaches, we may have to negotiate with the relevant lenders terms of prepayment or to amend those financial covenants to prevent actual breaches from occurring. However, we cannot assure you that we would be able to reach agreements with the lenders. In connection with any future amendments to such covenants, our lenders may impose additional operating and financial restrictions on us and otherwise seek to modify the terms of our existing loan agreements in ways that are adverse to us. A default under the loan agreements could also trigger cross defaults to our other material agreements which could materially and adversely impair our financial condition, results of operations and business prospects.

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Our future liquidity needs are uncertain and we may need to raise additional funds in the future and as a result you may experience dilution.

We may need to raise additional funds to expand our production capacity to meet unexpected increase in market demand or to engage in strategic acquisitions or other activities such that our expenditures exceed our current expectations. If this is the case, we will need to raise additional funds in the future. Our ability to raise additional funds in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- general market conditions for capital-raising activities by China-based companies; and
- economic, political and other conditions in China and elsewhere.

If we need to obtain external financing, we cannot assure you that the financing will be available in amounts or on terms acceptable to us, if at all. Our future liquidity needs and other business reasons could require us to sell additional equity or debt securities or obtain bank loans. The sale of additional equity or equity-linked securities could result in additional dilution to our shareholders and a decrease in the price of our ADSs. The incurrence of additional debt would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to distribute dividends.

We incur increased costs as a result of being a public company.

As a public company, we incur significantly more legal, accounting and other expenses than we did as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the U.S. Securities and Exchange Commission, or the SEC, and the New York Stock Exchange, or NYSE, have required changes in corporate governance practices of public companies. We expect these new rules and regulations to increase our legal, accounting and financial compliance costs and to make certain corporate activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these new rules and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Risks Related to Our Industry

Uncertainties and adverse changes in government initiatives and policies that affect the alternative energy industry in general and the wind power industry in particular may have an adverse effect on our business and results of operations.

We believe government initiatives, incentives and other favorable policies have been one of the major growth drivers for the alternative energy industry in general and the wind power industry in particular. The alternative energy industry faces intense competition from conventional energy technologies. Due to the relatively high generation costs compared to most other energy sources, alternative energy industries, including the wind power industry, are generally not competitive without government incentive programs. There can be no assurance, however, that government support will continue at the same present level or at all. Any decrease or elimination of government incentives currently available to industry participants may result in increasing operating costs incurred by our current customers or discourage our potential customers from investing in our products and services. Most of our customers are highly dependent on the government initiatives, incentives or other favorable policies to support their operation at a relatively acceptable cost level. These initiatives, incentives and policies include preferential tax treatment, government spending, government financial funds and grants, government incentives for the electricity industry or preferential tariffs on power generated from wind power. For example, China's long-term renewable energy policy has been shaped by the government's central planning agency, the NDRC. In August 2007, the NDRC issued the Medium and Long-term Development Plan for Renewable Energy, or the NDRC Plan, which describes the national government's financial incentives for the renewable energy industry for the multi-year period ending 2020, with an estimated required investment amount of approximately RMB2,000 billion. The NDRC Plan also calls for increasing the electricity generated from non-hydro renewables in areas covered by major grids to reach 1% of the overall electricity supply by 2010 and 3% by 2020. Any uncertainties and adverse changes in government initiatives, incentives or policies will materially and adversely affect the investment plans of our customers and consequently our growth.

Uncertainties and adverse changes in government policies relating to the wind power equipment industry may have an adverse impact on us.

Wind turbine manufactures have benefited from various policies that promote and encourage renewable energies consumption, such as Renewable Energy Law, Relevant Provisions for the Administration of the Generation of Electricity by Renewable Energy, the NDRC Plan, and Guidance Catalog for the Development of Renewable Energy Industry. Adverse changes in government policies will affect our competitiveness and may have a material and adverse effect on our business and results of operations. Under the NDRC Opinions issued in September 2009, which aim to curb the overheated development and investment in industrial sectors, including steel, concrete, polysilicon and wind power equipment, existing wind turbine manufacturers are expected to be required to comply with more stringent product quality standards and higher research and development requirements. In addition, no new wind turbine manufacturing companies will be approved and future government support will be primarily focused on wind turbines for offshore applications and wind turbines with a rated power capacity exceeding 2.5MW. We cannot assure you that our current operation and future expansion will not be materially and adversely affected by the NDRC Opinions. In addition, under the NDRC Opinions, we will need to seek pre-approval from the NDRC if we plan to further expand our production capacity. In general, the government authorities would take more stringent scrutiny in approving production capacity expansion projects. We cannot assure you that we will obtain the required approval from the NDRC in time or at all if we plan to further expand our production capacity. Other unfavorable changes in governmental policies may adversely affect our business prospect. We cannot assure you that there will not be any further changes in government policies, promoting other alternative energy industries or providing incentives exclusively to our competitors, which may adversely affect our business prospects. In addition, since November 2010, National Energy Administration of China had conducted special investigations on quality of wind turbines and major of the domestic wind turbine manufacturers, including us, have been investigated. Though none quality problems of our wind turbines was discovered, such investigations indicated a hint that the relevant authorities have become more focusing on the product quality of the wind turbines and we cannot assure you that there may be more stringent regulations or policies on wind turbine manufacturing to be announced in the near future.

In addition, to enhance the safety and quality of national power grid, relevant authorities in China have recently implemented stricter industrial standards and requirements for wind power manufacturers and turbines to be connected to the grid. For example, up to 18 new industrial standard technical norms issued by the National Energy Administration came into effect on November 1, 2011. These technical norms focus on various aspects of wind power industry, including industry entry standards for new manufacturers, standards in relating to large-scale grid connection, offshore wind farm development, wind power quality, key equipment manufacture and so on. These new technical norms require the wind turbine manufacturers to devote increasingly significant efforts and capital resources on research and development, ensuring the quality and efficiency of the wind turbines.

In December 2011, the National Energy Administration issued new rules requiring newly installed wind turbines approved after January 1, 2011 to obtain a certification proving the low-voltage-ride-through, or LVRT, capabilities. See “Item 4.B. Business Overview—Regulations—Laws and Regulations Promoting the Development of the Renewable Energy Industry—Project Approval, Product Categorization and Project Requirements.” The LVRT refers to the capability of a wind turbine to react properly to sudden fluctuations in grid voltage and remain connected to the grid under these abnormal conditions. Wind turbine manufacturers are under pressure to upgrade old models and produce new wind turbines subject to this new grid code. China Electric Power Research Institute is currently the only authority with a testing facility for LVRT in China, which has limited resources. As a result, we expect it may be increasingly costly for new wind turbines to obtain such LVRT certification. New government or industrial policies providing higher quality standards for wind turbines in the future may subject us to higher costs and greater technical challenges. In July and December 2011, we obtained testing reports issued by the Wind Power Grid Connection Research and Evaluation Center under the China Electric Power Research Institute, certifying that our MY1.5se model wind turbines had fulfilled LVRT, requirements in accordance with the grid code in China. Currently, 16 of our wind turbine models have passed LVRT test. However, we cannot assure you that we will be able to obtain the LVRT certificates for our new wind turbines in a timely manner, or at all.

Wind power may not be considered as a viable base load source of electricity, therefore its contribution to overall electricity generation might be limited; as a result, our future growth prospects may be adversely affected due to the gradually competitive wind power generation market.

We cannot assure you that wind power will be a viable base load source of electricity due to the limited and unsophisticated technologies currently available. This means that while demand for wind energy is expected to increase, it may be unlikely that wind power will be considered a large-scale substitute for conventional energy sources, such as nuclear or fossil-fuel generated power, or as an alternative energy source to more reliable sources, such as hydropower or solar power. Our future growth prospects may be adversely affected due to the gradually competitive market. Any decrease in the price of the conventional fuels resulting from the exploitation of new energy sources or discovery of large deposits of oil, gas or coal may enhance the price competitiveness of electricity generated from those conventional sources, which in turn will have an adverse impact on the demand for electricity generated from wind power. Additionally, there is a risk that innovative technologies could lead to other and more cost competitive alternatives, thereby taking market share away from wind technology. Wind power has inherent disadvantages. For instance, the voltage and frequency of the wind power generated electricity are typically unstable as a result of wind conditions. In addition, wind turbines only generate electricity under pre-determined weather conditions and wind patterns, which further adds volatility of the electricity generated. Special technologies have been employed to adjust and stabilize the electricity generated before it is transmitted onto local power grids. Improved pitch control system, a control system that regulates the rotor blades pitch angle in order to control the speed of rotation and prevents the rotor blades from rotating when the wind speed is outside of a predetermined range, generator and rotor blades design are also believed to enable the wind turbines to generate electricity under a broader range of conditions. However, we cannot assure you that advanced wind technologies would be available in the near future and wind power can remain a competitive alternative energy source. Although the demand for wind power is expected to rise steadily, developments or innovations in other such sectors may adversely affect the future growth prospects of the wind power industry in general, which in turn, will materially and adversely affect the demand of our products.

Our customers rely substantially on grid companies to purchase electricity, provide grid connection and provide electricity transmission and dispatch services. If these wind farm operators are unable to sell the electricity they generate or to establish grid connections efficiently, demands for our wind turbines may decrease and our business may be adversely affected.

According to the *Renewable Energy Law* and its implementing rules, grid companies generally must purchase all electricity generated by renewable energy producers within their grids. The electricity sales of the wind farms highly benefit from the mandatory purchase obligations of grid companies imposed by the *Renewable Energy Law*. However, we cannot assure you that such favorable statutory requirements will not be changed or eliminated in the future due to policy changes at the national or local level in the PRC, or that the wind energy or other renewable energy sectors will not mature to reach a level playing ground to compete with coal power. Furthermore, as the statutory purchase obligation is a relatively new concept in the PRC law, changes to or uncertainties of the methods by which the local governments choose to implement this requirement on grid companies may also negatively impact the statutory support from which we currently benefit. Any adverse change or elimination of the statutory purchase obligations or other relevant support measures may materially and adversely affect the sales of electricity generated from the wind farms operated by our customers, which in turn may decrease the demand for our products.

According to the *Renewable Energy Law* and its implementing rules, grid companies generally must provide grid connection services to renewable energy producers within their grids. However, some of the wind farms owned by our customers are located in remote areas where the grids may not be able to accept all the electricity that the wind farms generate when operating at full capacity. The wind farm operators typically rely on local grid companies to construct and maintain the infrastructure and provide the electricity transmission and dispatch services necessary to connect to the grids, and we cannot assure you that the local grid companies will do so in a timely manner, or at all.

Moreover, the transmission and dispatch of the full output of the wind farms may be curtailed as a result of various grid constraints, such as grid congestion, restrictions on transmission capacity of the grid and restrictions on electricity dispatch during certain periods. Electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to repair and maintenance, construction work and other reasons beyond our control. As electricity generated from the wind farms is not stored and must be transmitted or used once it is generated, some of the wind turbines of a wind farm may be turned off during such period when electricity is unable to be transmitted due to grid congestion or other grid constraints. Such events could reduce the actual net power generation of the wind farms. In addition, a number of other factors may further decrease electricity output, including wind speed or wind direction or other severe weather condition. As a result, our wind farm operator customers may experience significant financial losses from the inefficient electricity outputs, which may in turn cause the decrease in the demand for our products and our business and financial condition will be adversely affected.

Risks Related to Doing Business in China

Adverse changes in political and economic policies of the PRC government could have a material and adverse effect on the overall economic growth of China, which could reduce the demand for our services and materially and adversely affect our competitive position.

The majority of our business operation is in China. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including:

- the degree of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange;
- access to financing; and
- the allocation of resources.

While the Chinese economy has experienced significant growth in the past 30 years, growth has been uneven, both geographically and among various sectors of the economy. The Chinese economy has also experienced certain adverse effects due to the recent global financial crisis. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our operating results and financial condition may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us, and by government policies or guidance aimed at curtailing the perceived over-capacity of certain industry sectors, such as steel, concrete, polysilicon and wind power equipment. The Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which could in turn reduce the demand for our products and services and materially and adversely affect our operating results and financial condition.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the Chinese government. The continued control of these assets and other aspects of the national economy by the Chinese government could materially and adversely affect our business.

The Chinese government also exercises significant control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Any adverse change in the economic conditions or government policies in China could have a material and adverse effect on overall economic growth and the level of investments in renewable energy industries in China, which in turn could lead to a reduction in demand for our products and consequently have a material and adverse effect on our businesses.

Uncertainties with respect to the PRC legal system could limit the protections available to you and us.

The PRC legal system is a civil law system based on written statutes. Unlike in common law systems, prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. We conduct the majority of our business through our consolidated entities established in China. These entities are generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to Sino-foreign joint ventures. However, since many laws, rules and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. Such uncertainties, including the inability to enforce our contracts, could materially and adversely affect our business and operations. Furthermore, intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other countries. Accordingly, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to the alternative energy industry or the wind power equipment industry in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

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We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We conduct the majority of our business through our subsidiaries established in China. We rely on dividends paid by these subsidiaries for our cash needs, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our PRC subsidiaries that is a domestic company is also required to set aside at least 10.0% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve fund until the accumulative amount of such reserves reaches 50.0% of its respective registered capital. As of December 31, 2013, the accumulated profits of our PRC subsidiaries, on a consolidated basis under PRC accounting standards, that were unrestricted and were available for distribution amounted to RMB425.5 million (US\$70.3 million). Our restricted reserves are not distributable as cash dividends. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability, limit our ability to inject capital into our consolidated PRC entities, limit the ability of our consolidated PRC entities to distribute profits to us, or otherwise adversely affect us.

The PRC State Administration of Foreign Exchange, or SAFE, issued a public notice in October 2005, or the SAFE notice, requiring PRC residents to register with the local SAFE branch before establishing or controlling any company outside of China for the purpose of capital financing with assets or equities of PRC companies, referred to in the notice as an “offshore special purpose company.” PRC residents that are shareholders of offshore special purpose companies established before November 1, 2005 were required to register with the local SAFE branch before March 31, 2006. Further, PRC residents are required to file amendments to their registrations with the local SAFE branch if their special purpose companies undergo material events involving changes in capital, such as changes in share capital, mergers and acquisitions, share transfers or exchanges, spin-off transactions or long-term equity or debt investments. Since May 2007, SAFE has issued guidance to its local branches regarding the operational procedures for such registration, which provides more specific and stringent requirements on the registration relating to SAFE Circular 75, including the most recent *Notice of SAFE on Printing and Distributing the Implementing Rules for the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies*, or Circular 19, which became effective on July 1, 2011. The guidance imposes obligations on onshore subsidiaries of the offshore special purpose company to coordinate with and supervise the beneficial owners of the offshore entity who are PRC citizens or residents to complete the SAFE registration process. If the beneficial owners fail to comply, the onshore subsidiaries are required to report the non-compliance to the local branch of SAFE.

As of the date of this annual report, Mr. Chuanwei Zhang and Mr. Song Wang, each a PRC resident, collectively beneficially owned approximately 26.0% of our total issued and outstanding share capital. We are advised that they have completed their registration with local SAFE branch as required under the SAFE notice in connection with their initial acquisition of their beneficial interests in offshore special purpose companies. We are also advised that they have completed the amendment to the registration in connection with the transfers of their equity interests in such offshore special purpose vehicles for beneficial ownership in us. These beneficial owners are required to timely amend their SAFE registration for future changes in their beneficial interests in us pursuant to the SAFE notice. The failure of these beneficial owners to do so or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in the SAFE notice may subject such beneficial owners to fines and legal sanctions and may also limit our ability to contribute additional capital into our consolidated PRC entities, limit our consolidated PRC entities’ ability to distribute dividends to us or the offshore entities set up by our beneficial owners or otherwise materially and adversely affect our business.

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Failure to comply with PRC regulations regarding the registration requirements for employee equity incentive plans may subject our PRC citizen employees or us to fines and other legal or administrative sanctions.

Pursuant to the *Implementation Rules of the Administrative Measures for Individual Foreign Exchange*, or the Individual Foreign Exchange Rule, promulgated on January 5, 2007 by the SAFE and the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company* issued by the SAFE on February 15, 2012, or the Stock Incentive Plan Rules, which replaced the *Processing Guidance on Foreign Exchange Administration of Domestic Individuals Participating in the Employee Stock Ownership Plans or Stock Option Plans of Overseas-Listed Companies* issued by the SAFE in March 2007, “domestic individuals” (both PRC residents and non-PRC residents who reside in the PRC for a continuous period of not less than one year, excluding the foreign diplomatic personnel and representatives of international organizations) who are granted shares or share options by an overseas-listed company according to its stock incentive plan are required, through qualified PRC agents which could be the PRC subsidiary of such overseas-listed company, to register with the SAFE and complete certain other procedures related to the stock incentive plan. In addition, such domestic individuals shall also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options and their purchase and sale of stocks. As such, our employees, who are “domestic individuals” and have been granted share options, or PRC optionees, became subject to the Stock Incentive Plan Rules when our company became an overseas listed company upon the completion of our initial public offering. If we or our PRC optionees fail to comply with the Individual Foreign Exchange Rule and the Stock Incentive Plan Rules, we and our PRC optionees may be subject to fines and other legal sanctions. We may also face regulatory uncertainties that could restrict our ability to adopt additional option plans for our directors and employees under PRC law. In addition, the State Administration of Taxation, or SAT, has issued certain circulars concerning employee share options. Under these circulars, our employees working in the PRC who exercise share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities. Furthermore, there are substantial uncertainties regarding the interpretation and implementation of the Individual Foreign Exchange Rule and the Stock Incentive Plan Rules.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries, which could adversely affect our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. Loans by us to any of our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. The statutory limit for the total amount of foreign debts of a foreign-invested company is the difference between the amount of total investment as approved by the PRC Ministry of Commerce or its local counterpart and the amount of registered capital of such foreign-invested company.

We may also decide to finance our PRC subsidiaries by means of capital contributions. Any capital contributions to our PRC subsidiaries must be approved by the Ministry of Commerce in China or its local counterpart. On August 29, 2008, SAFE promulgated Circular 142, a notice regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The notice requires that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its oversight over the flow and use of Renminbi funds converted from the foreign currency-denominated capital of a foreign-invested company. The use of such Renminbi may not be changed without approval from SAFE and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Rules.

We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to our future loans or capital contributions to our direct or indirect subsidiaries. If we fail to receive such registrations or approvals, our ability to fund or expand our PRC operations may be materially and adversely affected, which could adversely affect our ability to fund and expand our business.

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The 2006 M&A Rule establishes more complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The 2006 M&A Rule establishes additional procedures and requirements that could make some acquisitions of PRC companies by foreign entities, such as our company, more time-consuming and complex, including requirements in some instances that the approval of the Ministry of Commerce shall be required for transactions involving the shares of an offshore listed company being used as the acquisition consideration by foreign entities, including Sino-foreign joint ventures. In the future, we may grow our business in part by acquiring complementary businesses. Complying with the requirements of the 2006 M&A Rule to complete such transactions could be time-consuming and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Fluctuation in the value of the Renminbi may have a material and adverse effect on your investment.

The change in value of the Renminbi against the U.S. dollar is affected by, among other things, changes in PRC's political and economic conditions. From 1995 until July 2005, the People's Bank of China intervened in the foreign exchange market to maintain an exchange rate of approximately RMB8.3 per U.S. dollar. On July 21, 2005, the PRC government changed this policy and began allowing modest appreciation of the Renminbi versus the U.S. dollar. Under the new policy, the Renminbi was permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy caused the Renminbi to appreciate more than 20% against the U.S. dollar over the following five years. As a consequence, the Renminbi has fluctuated sharply since July 2008 against other freely traded currencies, in tandem with the U.S. dollar. It is difficult to predict how long the current situation may last and when and how it may change again. There remains significant international pressure on the PRC government to adopt a substantial liberalization of its currency policy, which could result in a further and more significant appreciation in the value of the Renminbi against the U.S. dollar.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from our initial public offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive all our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Our China-sourced income is subject to PRC withholding tax under the Enterprise Income Tax Law of the PRC and we may be subject to PRC enterprise income tax at the rate of 25% when more detailed rules or precedents are promulgated.

We are a Cayman Islands holding company with the majority of our operations conducted through our operating subsidiaries in China. Under the PRC Enterprise Income Tax Law, or the EIT Law, and its implementation rules, both of which became effective on January 1, 2008, China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent, is generally subject to a 10% withholding tax. Under an arrangement between China and the Hong Kong Special Administrative Region, which became effective on January 1, 2007, such dividend withholding tax rate is reduced to 5% for dividends paid by a PRC company to a Hong Kong resident enterprise if such Hong Kong entity owns at least 25% of the equity interest of the PRC company. As such, dividends paid to us by our PRC subsidiaries through our Hong Kong subsidiaries may be subject to a reduced withholding tax at a rate of 5% under this arrangement, provided that our Hong Kong subsidiaries are deemed as “beneficial owners” of such income, and provided further that neither our company nor our Hong Kong subsidiaries are deemed to be PRC tax resident enterprises as described below. However, pursuant to the Notice on Interpretation and Determination of “beneficial owner” under tax treaties, or Circular 601, “beneficial owner” should carry out substantial business activities and own or have control over the income, rights or assets which give rise to such income. Specifically, agents and conduit companies will not be regarded as the “beneficial owner” of such income. If our Hong Kong subsidiaries are not deemed beneficial owner under Circular 601, they may not be able to enjoy the 5% preferential tax treatment and as a result the dividends distributed by our PRC subsidiaries through these Hong Kong subsidiaries will be adversely affected. Circular 601 further lists several factors that would be more unlikely for relevant authorities to identify a company to be a beneficial owner of certain specific income, including (i) the company is obligated to pay or distribute all or substantial part of the income to a third country resident in a prescribed time period, (ii) the company does not or barely engages in other operating activities other than holding the assets or interests from which the income derives, (iii) the assets, business size and employees of the company are relatively limited and could not reasonably match the income, (iv) the company has no or little control over the assets or interests from which the income derives and bears no or little risks, (v) certain income are non-taxable or exempted from tax in the other contracting country, or the tax rate is extremely low, if any, (vi) apart from the loan agreement under which the interest payment is provided, there is other loan or deposit agreements between the lender and a third party with similarity terms of amount, interest rate and execution date, and (vii) apart from the transfer agreement of copy right, patent or technology under which the license fee is provided, there is other transfer agreement relating to the use right or ownership to the copy right, patent or technology between the company to a third party.

The EIT Law, however, also provides that enterprises established outside China whose “de facto management bodies” are located in China are considered “tax resident enterprises” and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation rules, “de facto management bodies” are defined as the bodies that have, in substance, overall management control over such aspects as the production and business, personnel, accounts and properties of an enterprise. In April 2009, the PRC tax authority promulgated the Notice on Determination of Tax Resident Enterprises of Chinese-controlled Offshore Incorporated Enterprises in accordance with Their De Facto Management Bodies, or Circular 82, to clarify the criteria for determining whether the “de facto management bodies” are located within the PRC for enterprises incorporated overseas with controlling shareholders being PRC enterprises. However, Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by offshore individuals, like us.

We believe that we are not a “resident enterprise” nor do we meet the criteria under the Circular 82 as the Circular 82 only applies to offshore enterprises controlled by PRC enterprises while none of our shareholder is a PRC company or PRC corporate group. However, as all of the our operational management is currently based in the PRC, and we expect them to continue to be located in China, our Company may be deemed a PRC resident enterprise and therefore subject to the PRC enterprise income tax at a rate of 25% on our worldwide income, which excludes the dividends received directly from another PRC resident enterprise. In case we are required to pay the income tax on capital gains by the relevant PRC tax authorities, our financial conditions and results of operations could be adversely affected.

Dividends payable by us to our foreign investors and gain on the sale of our shares may become subject to taxes under PRC tax laws.

Under the EIT law and its implementation rules, to the extent that we are considered a “resident enterprise” which is “domiciled” in China, PRC income tax at the rate of 10% is applicable to dividends payable by us to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or, despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Similarly, any gain realized on the transfer of our shares or ADSs by such investors is also subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China and we are considered a “resident enterprise” which is domiciled in China for tax purposes. Additionally, there is a possibility that the relevant PRC tax authorities may take the view that our purpose is that of a holding company and the capital gain derived by our overseas shareholders or ADS holders from the share transfer would be deemed China-sourced income, in which case such capital gain may be subject to PRC withholding tax at the rate of up to 10%. If we are required under the EIT law to withhold PRC income tax on our dividends payable to our foreign shareholders and ADS holders who are “non-resident enterprises,” or if you are required to pay PRC income tax on the transfer of our shares or ADSs under the circumstances mentioned above, the value of your investment in our shares or ADSs may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

The strengthened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our acquisition strategy.

In connection with the EIT Law, the Ministry of Finance and State Administration of Taxation jointly issued, on April 30, 2009, the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business, or Circular 59. On December 10, 2009, the State Administration of Taxation issued the Notice on Strengthening the Management on Enterprise Income Tax for Non-resident Enterprises Equity Transfer, or Circular 698. Both Circular 59 and Circular 698 became effective retrospectively on January 1, 2008. By promulgating and implementing these circulars, the PRC tax authorities have strengthened their scrutiny over the direct or indirect transfer of equity interest in a PRC resident enterprise by a non-resident enterprise. For example, Circular 698 specifies that the PRC State Administration of Taxation is entitled to redefine the nature of an equity transfer where offshore vehicles are interposed by abusing corporate structures for tax-avoidance purposes and without reasonable commercial intention. We consistently pursue acquisitions as one of our growth strategies and have conducted and may conduct acquisitions involving complex corporate structures. We cannot be assured that the PRC tax authorities will not, at their discretion, adjust the capital gains thus causing us to incur additional acquisition costs.

We face risks related to natural disasters and health epidemics, which could have a material and adverse effect on our business and results of operations.

Our business could be materially and adversely affected by natural disasters or the outbreak of health epidemics throughout the world, including in China, as the majority of our customers are manufacturers based in China. Natural disasters and health epidemics in China could significantly disrupt the operations of our suppliers and prevent them from fulfilling orders from us. Sustained natural disasters and health epidemics in China could also significantly reduce the production capacity of us or the demand for our products. There have been several instances of serious natural disasters and health epidemics throughout the world, including in China, in recent years. For example, in May 2008, a major earthquake struck Sichuan Province and certain other parts of China, devastating much of the affected areas and causing tens of thousands of deaths and widespread injuries. In addition, in early 2008, parts of China, in particular its southern, central and eastern regions, experienced what was reportedly the most severe winter weather in the country in half a century, which resulted in significant and extensive damages to factories, power lines, homes, automobiles, crops and other properties, blackouts, transportation and communications disruptions and other losses in the affected areas. Moreover, certain countries and regions, including China, have encountered incidents of the H5N1 strain of bird flu, or avian flu, as well as severe acute respiratory syndrome, or SARS, over the past years and, more recently in 2009, the outbreak of influenza A, also known as H1N1 and the spread of H7N9 avian influenza virus in early 2013. In addition, in March 2011, Japan was struck by a 9.0-magnitude earthquake and tsunami. While such events in the past have not had an adverse impact on us as of the date of this annual report future natural disasters and health hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business and prospects.

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Our independent registered public accounting firm's audit documentation related to their audit report included in this annual report may be located in the People's Republic of China. The Public Company Accounting Oversight Board currently cannot inspect audit documentation located in China and, as such, you may be deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit report included in our annual reports filed with the SEC, as auditors of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board, or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the applicable laws of the United States and professional standards. Our operations are principally conducted in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the PRC authorities. Accordingly, any audit documentation located in China related to our independent registered public accounting firm's report included in our filings with the SEC is not currently inspected by the PCAOB. In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or CSRC, and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC. The PCAOB remains in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

Inspections conducted by the PCAOB outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability to conduct inspections in China prevents the PCAOB from regularly evaluating audit documentation located in China and its related quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to audits outside China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Proceedings instituted by the SEC against five PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act against the Chinese affiliates of five global accounting firms, including our independent registered public accounting firm. The Rule 102(e) proceedings initiated by the SEC relate to these firms' failure to produce documents, including audit work papers, at the request of the SEC pursuant to Section 106 of the Sarbanes-Oxley Act, as the auditors located in the PRC are not in a position lawfully to produce documents directly to the SEC because of restrictions under PRC law and specific directives issued by CSRC. As the administrative proceedings are ongoing, it is impossible to determine their outcome or the consequences thereof to us. The issues raised by the proceedings are not specific to our independent registered public accounting firm or to us, but affect equally all audit firms based in China and all China-based businesses with securities listed in the United States.

In January 2014, the administrative judge reached an initial decision to censure these accounting firms and suspend four of the five firms from practicing before the SEC for a period of six months. The decision is neither final nor legally effective unless and until reviewed and approved by the SEC. On February 12, 2014, four of these PRC-based accounting firms appealed to the SEC against this sanction. Accordingly, the sanction will not become effective until after a full appeal process is concluded and a final decision is issued by the SEC. We are not involved in the proceedings brought by the SEC against the accounting firms. However, our independent registered public accounting firm is one of the four accounting firms subject to the six-month suspension from practicing before the SEC in the initial administrative law decision. We may therefore be adversely affected by the outcome of the proceedings, along with other U.S.-listed companies audited by these accounting firms.

If our independent registered public accounting firm were denied temporarily the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately result in the delisting of our ADSs from the New York Stock Exchange. Moreover, any negative news about the proceedings against these global accounting firms may erode investor confidence in China-based, United States-listed companies and the market price of our ADSs may be adversely affected.

Risks Related to Our ADSs

The market price for our ADSs may be volatile which could result in substantial loss to you.

The market price for our ADSs has been and may continue to be highly volatile and subject to wide fluctuations in response to factors, including the following:

- announcements of competitive developments;
- regulatory developments in China affecting us, our clients or our competitors;
- announcements regarding litigation or administrative proceedings involving us;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- additions or departures of our executive officers;
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs;
- sales or perceived sales of additional ordinary shares or ADSs; and
- general economic or political conditions in China or elsewhere in the world.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. For example, the securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis and the ensuing economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets, such as the large decline in share prices in the United States, China and other jurisdictions in late 2008, early 2009 and the second half of 2011. These broad market and industry fluctuations may adversely affect the market price of our ADSs.

Substantial future sales or perceived sales of our ADSs in the public market could cause the price of our ADSs to decline.

Future sales of substantial amounts of our ordinary shares or ADSs or other equity-related securities in the public market, including sales by any existing shareholders, or the perception that such sales could occur, could adversely affect prevailing trading prices of our ADSs and could impair our ability to raise capital through future offerings of equity or equity-related securities. No prediction can be made as to the effect, if any, that future sales of our ordinary shares or ADSs or the availability of our ordinary shares or ADSs for future sale, will have on the trading price of our ADSs.

Our controlling shareholders have substantial influence over our company and their interests may not be aligned with your interests.

As of the date of this annual report, Mr. Chuanwei Zhang, our founder, chairman and chief executive officer, beneficially owned approximately 25.5% of our total issued and outstanding ordinary shares. Clarity China Partners, L.P., Clarity MY Co-Invest, L.P. and Clarity China Partners (AI), L.P., or Clarity Investors, collectively, beneficially owned approximately 13.4% of our issued and outstanding ordinary shares and ICBC International Investment Management Limited beneficially owned approximately 7.3% of our issued and outstanding ordinary shares, respectively. As such, they have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. These actions may be taken even if they are opposed by our other shareholders. Moreover, this concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs.

In addition, Mr. Zhang may have potential conflicts of interest with us arising from his ownership interests in Mingyang Electrical and Mingyang Electrical's immediate holding company, Zhongshan Mingyang Electrical Appliances Co., Ltd., or Mingyang Electrical Appliances, which is controlled by Mr. Zhang. We have recorded significant related parties transactions with these companies during the recent years. As a result, the interests of Mr. Zhang as a controlling shareholder of these entities and the interests of our company may conflict. We cannot assure you that if conflicts of interest arise, Mr. Zhang will act in the best interests of our company or that any conflict of interest will be resolved in our favor.

We are exempt from some of the corporate governance requirements of the NYSE.

As a foreign private issuer, we are exempt from some of the corporate governance requirements of the NYSE by virtue of being a foreign private issuer. We are required to provide a brief description of the significant differences between our corporate governance practices and the corporate governance practice required to be followed by U.S. domestic companies under the NYSE rules. The standards applicable to us are considerably different than the standards applied to U.S. domestic issuers. For instance, we are not required to:

- have a majority of the board be independent (other than due to the requirements for the audit committee under the Securities Exchange Act of 1934, as amended, or the Exchange Act);
- have a minimum of three members on our audit committee;
- have a compensation committee, a nominating or corporate governance committee;
- provide an annual certification by our chief executive officer that he or she is not aware of any non-compliance with any corporate governance rules of the NYSE;
- have regularly scheduled executive sessions with only non-management directors; or
- have at least one executive session of solely independent directors each year.

We intend to rely on some or all of these exemptions. As a result, you are not provided with the benefits of certain corporate governance requirements of the NYSE. See “Item 16G. Corporate Governance.”

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise their rights.

Holders of our ADSs do not have the same rights as our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under our amended and restated memorandum and articles of association, the minimum notice period required to convene a general meeting is 21 days. When a general meeting is convened, you may not receive sufficient notice of a shareholders’ meeting to permit you to withdraw your ordinary shares to allow you to cast your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you request. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders’ meeting.

You may not receive distributions on our ordinary shares or any value for them if such distribution is illegal or if any required government approval cannot be obtained in order to make such distribution available to you.

Although we do not expect to pay dividends in the foreseeable future, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses and any applicable taxes and government charges. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities whose offering would require registration under the Securities Act but not so properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not reasonably practicable to distribute certain property. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under the U.S. securities laws any offering of ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary will not make rights available to you unless either both the rights and any related securities are registered under the Securities Act or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. If the depositary does not distribute the rights, it may, under the deposit agreement, either sell them, if possible, or allow them to lapse. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law, you may have less protection than if you were a shareholder of a company incorporated in the United States.

Our corporate affairs are governed by our memorandum and articles of association, the Cayman Islands Companies Law (as amended) and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some states in the United States, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. Furthermore, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. As a result, our public shareholders may have more difficulties in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a company incorporated in the United States.

Item 4. INFORMATION OF THE COMPANY

A. History and Development of the Company

On February 26, 2009, we incorporated China Wind Power Equipment Group Ltd under the laws of Cayman Islands as our ultimate holding company. In May 2009, China Wind Power Equipment Group Ltd changed its name to China Wind Power Equipment Group Limited and in April 2010, China Wind Power Equipment Group Limited changed the name to China Ming Yang Wind Power Group Limited. We currently operate our business in China and our principal place of business is located at Mingyang Industry Park, National Hi-Tech Industrial Development Zone, Zhongshan, Guangdong Province. Our telephone number at this address is +(86)-760-28138888 and our Internet website address is www.mywind.com.cn. The information contained on our website is not part of this annual report. Our agent for service of process in the United States is Law Debenture Corporate Services Inc., located at 400 Madison Avenue, 4th Floor, New York, New York 10017.

Our predecessor company, Guangdong Mingyang, was incorporated and commenced business operations on June 2, 2006 as a limited liability company in China. At its inception, Mingyang Electrical, Kangyu Industry Development Co., Ltd., or Kangyu, and Mr. Song Wang held approximately 57.0%, 38.0% and 5.0%, respectively, of the equity interests in Guangdong Mingyang. Mingyang Electrical was founded and is indirectly, through Mingyang Electrical Appliances, majority-owned by our founder, chairman and chief executive officer, Mr. Chuanwei Zhang.

2007 and 2008 Investments and Shareholding Restructurings

In July 2007, Kangyu transferred all of its equity interest in Guangdong Mingyang to Mingyang Electrical Appliances for a consideration of RMB15.6 million and in August 2007, Mingyang Electrical Appliances transferred its 20.0% equity interest in Guangdong Mingyang to Keycorp Limited, or Keycorp, a Hong Kong company then owned by China Opportunity S.A. SICAR, or China Opportunity. After the transaction, Guangdong Mingyang became a Sino-Hong Kong joint venture.

As a result of the following investments and capital contributions from October 2007 to September 2008, Mingyang Electrical, First Base Investments Limited, or First Base, Keycorp, GreenHunter, and Asiatech Holdings Limited, or Asiatech, became the shareholders of 43.52%, 32.19%, 15.27%, 5.98% and 3.04%, respectively, of the equity interests in Guangdong Mingyang at the end of 2008:

- additional capital contributions by Mingyang Electrical, Mingyang Electrical Appliances and Keycorp in October 2007,

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- equity interest transfers from Mingyang Electrical Appliances and Mr. Song Wang to First Base, which was then wholly owned by Clarity China Management Ltd., or Clarity China, in trust for Clarity Investors, in December 2007,
- equity interest transfers from First Base to Mingyang Electrical and Keycorp and a capital contribution by First Base in January 2008,
- an investment by GreenHunter in April 2008, and
- investments by Asiatech and First Base and equity interest transfers from Asiatech to First Base and First Base, Asiatech to Mingyang Electrical, Keycorp and GreenHunter in September 2008.

In November 2008, Clarity China, on behalf of Clarity Investors, made the following transfers of equity interests held in First Base for nominal consideration to three senior management members as an award for their past services provided to Guangdong Mingyang:

- the transfer of 32.02% of the equity interests held in First Base to First Windy Investment Corp., or First Windy, a British Virgin Islands company wholly owned by Mr. Chuanwei Zhang,
- the transfer of 8.30% of the equity interests held in First Base to Second Windy Investment Corp., or Second Windy, a British Virgin Islands company wholly owned by Mr. Xian Wang, and
- the transfer of 2.37% of the equity interests held in First Base to Third Windy Investment Corp., or Third Windy, a British Virgin Islands company wholly owned by Mr. Song Wang.

2009 and 2010 Investments and Shareholding Restructurings

On February 26, 2009, we incorporated China Wind Power Equipment Group Ltd. under the laws of Cayman Islands as our ultimate holding company. On May 12, 2009, China Wind Power Equipment Group Ltd. changed its name to China Wind Power Equipment Group Limited.

In August 2009, Mingyang Electrical, First Base, Keycorp and Asiatech made capital contributions in Guangdong Mingyang in exchange for the newly issued equity interest in Guangdong Mingyang. As a result, Mingyang Electrical, First Base, Keycorp, GreenHunter and Asiatech became the shareholders of 43.66%, 32.29%, 15.32%, 5.69% and 3.04%, respectively, of the equity interests in Guangdong Mingyang at the end of August 2009.

In October 2009, Sky Trillion Limited, or Sky Trillion, a British Virgin Islands company then owned by ICBC International Investment Management Limited, or ICBC International, and Tech Sino Limited, or Tech Sino, a Hong Kong company then owned by Chan Ping Che and Chan Ping Yee, invested approximately RMB342 million and RMB100 million, respectively, in Guangdong Mingyang. In October 2009, GreenHunter transferred all of its equity interest in and obligation to Guangdong Mingyang to King Venture Limited, or King Venture, a Hong Kong company then owned by Ace Ambition International Limited, or Ace Ambition, a company then owned by DT Capital China Growth Fund L.P. As a result, Mingyang Electrical, First Base, Keycorp, Sky Trillion, King Venture, Tech Sino and Asiatech became the holder of 37.52%, 27.75%, 13.16%, 10.88%, 4.89%, 3.18% and 2.62%, respectively, of the equity interests in Guangdong Mingyang.

The above investments and share transfers, except for the share-based compensation awards granted by Clarity China to three senior management members in November 2008 and the transfer of equity interest in Guangdong Mingyang from GreenHunter to King Venture in October 2009 due to its liquidity demand, were primarily made as a result of capital injections from new investors for the growth of our business.

In December 2009, Mingyang Electrical transferred 36.52% of Guangdong Mingyang's equity interest it held to Wiser Tyson Investment Corp Limited, or Wiser Tyson, a Hong Kong company then wholly owned by Ms. Ling Wu, the spouse of our founder, Mr. Chuanwei Zhang, for a consideration of approximately US\$24.84 million. Immediately prior to the transfer of Mingyang Electrical's equity interest in Guangdong Mingyang, Mingyang Electrical Appliances, Mr. Chuanwei Zhang, through Mr. Jinfa Wang and Mr. Jianren Wen under a share custody agreement, Mr. Xiaoji Wu, Shenzhen Capital (Hong Kong) Company Limited, or Shenzhen Capital, and Merrill Lynch PCG, Inc., or Merrill Lynch PCG, beneficially owned 71.2%, 5.6%, 2.4%, 12.8% and 8.0% of Mingyang Electrical's equity interest, respectively.

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In January and February 2010, Ms. Ling Wu transferred all of her equity interest in Wiser Tyson to Rich Wind Energy Two Corp., or Rich Wind Energy Two, a British Virgin Islands company then wholly owned by Ms. Ling Wu, and issued shares in Rich Wind Energy Two to herself, Best Jolly Investments Limited, or Best Jolly, an entity wholly owned by the spouse of Mr. Xiaoji Wu, SCGC Capital Holding Company Limited, or SCGC, a wholly owned subsidiary of Shenzhen Capital, and Merrill Lynch PCG, the other original shareholders of Mingyang Electrical. Subsequently, Ms. Ling Wu transferred all her equity interests in Rich Wind Energy Two to Rich Wind Energy Three Corp., or Rich Wind Energy Three, a British Virgin Islands company wholly owned by her. As a result, Rich Wind Energy Three, Best Jolly, SCGC and Merrill Lynch PCG, through Rich Wind Energy Two, indirectly held 28.05%, 0.88%, 4.67% and 2.92%, respectively, of the equity interests in Guangdong Mingyang. Effectively, the ownership percentage in Guangdong Mingyang held by Best Jolly, SCGC and Merrill Lynch PCG remained unchanged immediately after these equity transfers.

On February 25, 2010, China Wind Power Equipment Group Limited effected a 1:1,000 share subdivision and subsequently increased the authorized share capital by US\$950,000 by the creation of 950,000,000 ordinary shares with a par value of US\$0.001 each, such that the authorized share capital of China Wind Power Equipment Group Limited became US\$1,000,000 comprising of 1,000,000,000 ordinary shares, with a par value of US\$0.001 each.

On April 8, 2010, China Wind Power Equipment Group Limited effected a series of share issuances to the then shareholders of Guangdong Mingyang in exchange for 99.0% of the equity interests in Guangdong Mingyang collectively held by these shareholders.

On April 27, 2010, China Wind Power Equipment Group Limited changed its name to China Ming Yang Wind Power Group Limited.

On May 17, 2010, China Ming Yang Wind Power Group Limited became our ultimate holding company upon the completion of all the related registration procedures, including registrations in the Cayman Islands and Hong Kong, for the share issuances on April 8, 2010 as part of the share exchange. The reorganization was accomplished upon the completion of the registration procedures.

In order to attract additional strategic investors to invest in our company while not diluting the interests of the other shareholders through the issuance of new shares by our company to such investors, Rich Wind Energy Three, our single largest shareholder which is beneficially owned by the spouse of Mr. Chuanwei Zhang, our chairman and chief executive officer, transferred a total of 8,575,600 ordinary shares it held in our company to Faith Crown Investments Limited, a British Virgin Islands company, Mitsui & Co., Ltd., or Mitsui, a company incorporated in Japan, Lead Success Group Limited, a British Virgin Islands company wholly owned by CCB International Asset Management Limited, or CCB International, and other investors in July and August 2010. Mitsui, CCB International and other investors began discussions with our management in August 2009 to invest in our company, and Mr. Chuanwei Zhang, Mr. Xian Wang and Mr. Song Wang agreed to the valuation of their investments in March 2010. Following the completion of our restructuring and share swap, their investments were completed in July and August 2010. In July 2010, Ace Ambition also transferred a total of 1,908,200 ordinary shares it held in our company to Clarity Investors and other investors. In August 2010, Second Windy and Third Windy, which are beneficially owned by Mr. Xian Wang and Mr. Song Wang, respectively, transferred a total of 700,000 ordinary shares and 100,000 ordinary shares, respectively, to other investors.

Our Initial Public Offering and ADS Repurchases

Our initial public offering, in which we offered and sold 25,000,000 ordinary shares in the form of ADSs, raising approximately US\$320.3 million in net proceeds, after deducting relevant issuance costs and listing expenses, was completed in October 2010. Our ADSs have been listed on the New York Stock Exchange since October 1, 2010 under the symbol "MY."

On August 15, 2011, we announced a share repurchase program approved by our board of directors to purchase up to US\$50.0 million worth of issued and outstanding ADSs. As of December 31, 2012, an aggregate of 3,153,897 ADSs had been repurchased by us on the open market at prevailing market prices. The repurchases have been made subject to restrictions relating to volume, price and timing in compliance with relevant rules under U.S. securities regulations. Our board of directors periodically reviews our share repurchase program and may authorize adjustments to its terms and size. The share repurchase program may also be suspended or discontinued at any time. We did not repurchase any ordinary shares or ADSs in the year ended December 31, 2013.

Developments Since 2011

Since 2011, we incorporated several new subsidiaries in China in order to further grow our business. We also establish joint ventures to jointly explore market opportunities. We have entered into shareholders agreements, pursuant to which we contributed cash into the registered capital of nine joint ventures. In accordance with the shareholders agreements, the other shareholders of each joint venture are obligated to repurchase the equity interests held by us within two to five years after completion of certain milestone events. We are also entitled to a fixed annual return of 15% to 16% of the amount or portion of the amount we contributed to the registered capital of the joint ventures. The amount of the fixed-rate annual return will be settled by the other shareholders when they repurchase the equity interests in the joint ventures held by us. According to the shareholders agreements, unanimous consent between the other shareholders and us is required for all strategic financial and operating decisions of the joint ventures. We are not entitled to any dividend or residual interest of the joint ventures, except for the fixed-rate annual return. Most of our subsidiaries and joint ventures engage in the manufacturing and/or sales of wind turbines and rotor blades and we expect to continue to leverage these subsidiaries and joint ventures to explore additional market opportunities in their local areas.

In November 2012, we, through Mingyang Singapore, acquired a 50% equity interest in GWPL, which is mainly engaged in manufacture and sales of wind turbine in India. Upon completion of the acquisition, we obtained majority voting power at the shareholders meeting and the majority of seats on the board of directors of GWPL, therefore, we consolidated the results of GWPL into our financial statements since December 2013. Since January 1, 2014, we waived our right to appoint a simple majority of the members of the board of director of GWPL and the right to cast vote at any general shareholders meeting of GWPL. As a result, GWPL was treated as a joint venture of us since January 1, 2014 and we no longer consolidate its results into our financial statements for the year ending December 31, 2014 and beyond. GWPL currently has three wholly owned subsidiaries, responsible for infrastructure establishment, marketing and operational supporting. We tapped into Indian market through the acquisition of GWPL by leveraging its established facilities, marketing channels and customer base in India.

B. Business Overview

Overview

We are a leading wind turbine manufacturer in China, focusing on designing, manufacturing, selling and servicing megawatt-class wind turbines. As China had advanced in the world in terms of newly and cumulative installed capacity of wind turbines, and we expect to continue to increase our market share in China, we are well positioned to benefit from the projected significant growth in China's wind power equipment industry. As of December 31, 2013, we had entered into sales contracts with 45 end customers to deliver 4,804 units of our wind turbines, representing wind power output of approximately 7,588.5MW. Among the 4,804 units, 3,233 units were delivered and 3,017 units were commissioned and revenue recognized as of December 31, 2013.

Our current products consist of (i) basic models of wind turbines with a rated power capacity of 1.5MW, (ii) wind turbines with a rated power capacity of 2.0MW, and (iii) 2.5/3.0MW SCD wind turbines. Each product type may be installed with one of three rotor blade models depending on the location and wind conditions. 1.5MW wind turbines are the most widely used model in China. We have shifted our focus on the development of higher megawatt wind turbines as we believe they represent the current mainstream customer demand.

We cooperate with aerodyn Energiesysteme, one of the world's leading wind turbine design firms based in Germany, to develop our 1.5MW wind turbines and share intellectual property rights. We have designed and developed several customized models of our 1.5MW wind turbines to cater to the wind and other weather conditions and power grids in China. In addition, we also have obtained exclusive licenses from aerodyn Asia to manufacture and distribute SCD wind turbines in China. Under a supplemental agreement signed with aerodyn Asia in July 2010, we were allowed to distribute 2.5/3.0MW SCD wind turbines in the states of the American continent, subject to the consent of aerodyn Asia on a project-by-project basis. In May 2010, we completed our first 2.5/3.0MW SCD wind turbine prototype, which was delivered and installed in a tidal flat area in Rudong, Jiangsu Province in August 2010 and was connected to grid at the end of 2010. The prototype has demonstrated successful operation in line with our specified operating conditions. Our second 3.0MW SCD prototype was delivered and installed for an onshore wind farm project in Dabancheng, Xinjiang Uyghur Autonomous Region in November 2010. We recognized revenue from our SCD wind turbines for our Dabancheng project beginning 2012. In addition, the major components for 6.0MW SCD wind turbine prototype have been ordered and we have completed the in-house testing and commenced assembly for the gearbox. In June 2013, we successfully completed our first 6.0MW SCD prototype wind turbine and the preparation for installation was commenced in 2013. We expect to finish the installation in mid of 2014. The 6.0MW SCD prototype utilized our advanced two-bladed SCD technologies and is designed mainly for off-shore operation.

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Our customers include five largest Chinese state-owned power producers, namely Huaneng, China Datang, Huadian, China Guodian Corporation, or Guodian, and China Power Investment Corporation, or CPIC, or their alternative energy subsidiaries, such as China Longyuan Power Group Corporation Limited, or Longyuan, a subsidiary of Guodian, and Datang Corporation Renewable Power Co., Limited, or Datang Renewable, a subsidiary of China Datang, each a company listed on the Hong Kong Stock Exchange. According to the Chinese Wind Energy Association, a member of the World Wind Energy Association, these customers were among the top wind farm operators in China as measured by newly installed wind capacity, with an aggregate installed capacity accounting for more than 55% of China's newly installed capacity that year. We also sell wind turbines to regional alternative energy investment companies, regional power producers and wind farm operators in the private sector.

Our facilities are currently located in Zhongshan, Tianjin, Jilin, Rudong, Dali, Inner Mongolia and Gansu (including Hami area) in China. We expanded our designed annual production capacity from 288 units of 1.5MW wind turbines in 2007 to 2,636 units of 1.5MW wind turbines, 560 units of 2.0MW wind turbines and 200 units of 2.5/3.0MW SCD wind turbines as of December 31, 2013, assuming 25 actual working days per month. The Dali facility currently has a designed annual capacity of approximately 345MW, representing 150 units of 1.5MW wind turbines and 60 units of 2.0MW wind turbines.

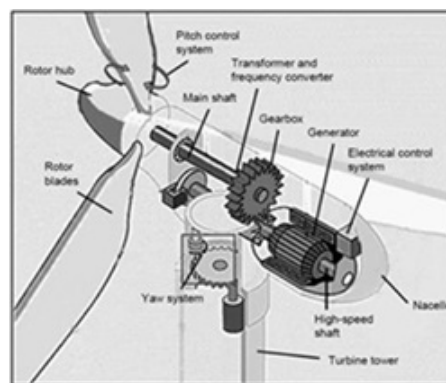
In addition to our facilities in China, our subsidiary in India, GWPL, has a turbine and tower manufacturing facility located in Silvassa, India. The facility currently has a designed annual capacity of approximately 600MW.

Our Products

We produce megawatt-class, grid-connected, horizontal-axis wind turbines, equipped with a double-fed constant frequency induction generator, which is a design of the generator that enables the generator to produce electric current of a constant frequency as the shaft rotates at varying speeds causing the generator rotor to rotate at varying speed. A horizontal-axis wind turbine operates on a horizontal axis with the rotor blades facing the wind and has a rotor system consisting of three rotor blades and a rotor hub, a drive-train (including a main shaft, a gearbox, a high-speed shaft and a generator), an electrical system (including a pitch control system, an electrical control system and a frequency converter), a tower, a transformer and other components. The transmission system is installed on the main frame and together with the electrical control unit and nacelle level electrical control cabinet, are contained in the nacelle cover, collectively called the nacelle. The rotor and nacelle are mounted on top of the turbine tower in order to utilize the higher wind speeds available at that elevation. The frequency converter, transformer and foundation level electrical control cabinet are installed at the base of the turbine tower on a concrete foundation for convenient installation and maintenance.

The rotor rotates in the wind and converts the kinetic energy in air movement into mechanical energy through rotation. The gearbox increases the rotation speed of the rotor to feed into the generator, which converts the mechanical energy into electrical energy through electromagnetic induction. Electricity is then transmitted down the turbine tower and through frequency converter and transformer so that it can be transmitted onto the grid with the appropriate current frequency and voltage. The yaw system (which refers to the yaw bearing, gearbox and motor, as controlled by the electrical control system, which keep the rotor aligned with or facing the wind direction by turning the rotor) keeps the wind turbines aligned with the wind direction by turning or "yawing" the rotor to follow changing wind directions so as to maximize the kinetic energy in wind captured. The pitch control system changes the pitch angle of the rotor blades once the wind speed reaches a certain level so as to stabilize the power output despite changes in wind speed.

The diagram below illustrates the key components of a traditional horizontal-axis wind turbine.



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We currently offer 1.5MW and 2.0MW wind turbines specially designed and developed for the wind and weather conditions and power grids in China. We believe that our products have high energy output, high availability and low cost of energy produced, which can operate under various weather and wind conditions including typhoon, thunderstorm, salty air, freezing, low temperature and sand dust in China. Our turbines have a designed operational life of 20 years, which we believe is consistent with industry standards, such as GL Guideline for the Certification of Wind Turbines. Our MY1.5s model can be installed in the eastern and southern coastal regions of China, which experience frequent typhoons and thunderstorms and have erosive weather conditions. Our MY1.5se model can be installed in the northern regions of China to withstand cold weather during the winter months of temperatures as low as -40°C as well as frequent sandstorms during the spring months. We also develop and offer SCD wind turbines, primarily for off-shore use, by utilizing technologies exclusively licensed from aerodyn Asia.

Our 1.5MW wind turbines are equipped with rotor blades usually with a post-installation diameter of 77.1 meters, 82.6 meters or 89.0 meters. They start operating when the average wind speed as measured over a ten minute interval exceeds 3 meters per second, or m/s, and will be automatically turned off when the average wind speed as measured over a ten minute interval exceeds 20 to 25 m/s in order to prevent damage to the wind turbine. Rated wind speed is the wind speed at which a wind turbine reaches its rated power capacity. The rated wind speed is 10.6m/s for our turbines equipped with 82.6 meter diameter rotor blades, 10.9m/s for turbines equipped with 89.0 meter diameter rotor blades and 11.3m/s for our turbines equipped with 77.1 meter diameter rotor blades, as compared to 12m/s that is typical for the wind turbine with same rated power manufactured by our domestic competitors.

Our wind turbines assembled with our enhanced rotor blades operate within a broader range of wind speeds, have a larger rotor swept area, and have a higher energy output, as compared to the products at the same rated capacity and with shorter rotor blades that are manufactured by our competitors.

MY1.5s Model

Our MY1.5s wind turbine model can survive high temperatures, frequent typhoons, salt mist and thunderstorm. They can operate under temperatures as high as 40°C and withstand temperatures as high as 50°C as a result of our selection of special materials, unique nacelle ventilation design and efficient generator and water-air gearbox cooling system. Compared to most of our domestic competitors, who typically use one bearing, which is a mechanical device that allows constrained relative motion, typically rotation or linear movement, between two or more parts, we use double bearings to support the main shaft, which connects the rotor in the front and a three-stage gearbox in the back. As such, the gearbox is largely shielded from the direct impact of the wind on the rotor. This design increases the reliability and durability of the gearbox, enabling our wind turbines to survive extreme wind speed as high as 70.0 m/s and to operate under a variety of weather conditions including gusts, strong turbulence and extreme temperatures.

In order to preserve the internal working condition, the pitch and yaw bearings are equipped with an internal tooth structure to reduce surface abrasion of mechanical parts and reduce the amount of salt mist that enters the system. Our patented nacelle design elevates the pressure inside the nacelle above the external barometric pressure, creating a “wind curtain” that prevents small particles from entering the nacelle to ensure internal air quality and prolong the life span of the components housed inside. We also apply special surface treatment to wind turbines to resist erosions from salty air. Our MY1.5s wind turbines have a high level of protection against lightning through the use of a lightning current arrester at both the nacelle and the rotor blades, an equipment to protect the power-supply system between the generator and transformer.

MY1.5se Model

In addition to features of the MY1.5s model, our MY1.5se wind turbines have features designed to survive the cold climate of the northern regions in China with temperature as low as -40°C and to generate electricity at temperatures as low as -30°C and withstand frequent sand dusts.

Special materials are used for key components including the main shaft, bearing housing, rotor hub and turbine tower, to withstand cold weather and the brittle fracture. Special lubricants are selected for key components such as the bearings, gearbox, yaw system and generator. The wind indicator is equipped with a heater which will be automatically turned on at below freezing temperatures. The electrical control systems are equipped with heating panels to warm up the computers and other parts in the controller panels. The nacelle has extra sealing and internal heaters to help maintain the inside temperature. The electrical control system starts and shuts off the wind turbine automatically based on outside temperatures detected by temperature sensors. The wind turbine is equipped with a pre-heating system to enable a smooth start-up at low temperatures, when necessary.

Our patented “wind curtain” nacelle design and special surface treatment to wind turbines enable our MW1.5se wind turbines to resist erosions from sand dusts.

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Other MY1.5 Customized Models

In addition to our initial basic MY1.5 models, we have been dedicated to improving and upgrading our wind turbines in order to cater to various requirements from our customers. For example, we developed the MY1.5su model which is designed to be used in the extreme cold climate in China. This model is able to survive in regions with temperature as low as -50°C and to generate electricity at temperatures as low as -40°C. We equip the wind turbines with heaters to pre-heat various important components and parts, including gearbox, generator, cabinet and turbine tower, etc. We also apply special coating to blades in order to avoid ice coating.

We developed the MY1.5sl based on our MY1.5se models, which is particularly designed for inner areas in China where average wind speed is generally low.

In order to install our 1.5MW wind turbine in tidal flat areas in coastal regions in China, we developed MY1.5st models. Enhanced designs are applied to turbine tower and blades in order to sustain extreme high wind speed, including typhoons. In addition, due to the significant salt spray in coastal areas, components are applied with special anti-corrosive coating.

We have also developed MY1.5sh models for high altitude areas where air density and air pressure are generally lower. We improved the nacelle to increase the inside vent flows and limit the access of humid air from outside. Components and parts were designed with enhanced electric insulation.

We expect to continue to improve our 1.5MW wind turbine technologies to further increase our market share and better satisfying our customers' demands.

Our 2.0MW Wind Turbines

We also develop and offer 2.0MW wind turbines by upgrading our existing 1.5MW models. Our 2.0MW wind turbines have double fed generators and can be installed with three different types of rotor blades, subject to the requests of our customers and depending on location and wind conditions. We designed our 2.0MW wind turbine by leveraging various advanced technologies, including wind power prediction and vibration monitoring, which enabled the SCADA system to perform more functions and be better controlled. Our 2.0MW wind turbines are also equipped with automatic voltage control function, which allows outstanding power grip adaptability and LVRT capacities.

SCD Wind Turbines

We have obtained exclusive license rights under a license agreement from aerodyn Asia to manufacture and distribute 2.5/3.0MW SCD wind turbines and 6.0MW SCD wind turbines in China. An SCD wind turbine has its two-stage planetary gearbox and a medium-speed running synchronous generator integrated in a compact way, which contributes to the reduction in the total weight and size of the wind turbine on one hand and lowers the operational speed of bearings inside therefore minimizing the wear of components on the other. Yaw system and certain other components are installed inside the carrier which further reduces the external size of the turbine. Moreover, the compact and enclosed designs also improve the resistance to corrosion of the assembled parts and components of the SCD wind turbine. Two-blade design is a significant feature for SCD wind turbines. Aerodynamic optimization design reduces the loading of wind turbine blades. In addition, under extreme circumstances, wind turbine blades will be placed in a horizontal position which reduce the loading of the whole turbine.

Under a supplemental agreement signed with aerodyn Asia in July 2010, we were allowed to distribute 2.5/3.0MW SCD wind turbines in the states of the American continent, subject to the consent of aerodyn Asia on a project-by-project basis. We completed our first 2.5/3.0MW SCD wind turbine prototype in May 2010, which was delivered and installed in a tidal flat area in Rudong, Jiangsu Province in August 2010. The prototype has demonstrated successful operation since its connection to the grid at the end of 2010. Our second 3.0MW SCD prototype was delivered and installed for an onshore wind farm project in Dabancheng, Xinjiang Uyghur Autonomous Region in November 2010. In June 2013, we installed another 3.0MW SCD prototype in a tidal flat area in Zhanjiang, Guangdong Province, which has demonstrated stable operation since its erection. In addition, the major components for 6.0MW SCD wind turbine prototype have been ordered. We have completed the in-house testing and have commenced the assembly for the gearbox. The maximum rated power capacity of the 6.0MW SCD wind turbine prototype may also be adjusted to reach 6.5MW. In June 2013, we successfully completed our first 6.0MW SCD prototype wind turbine and the preparation for installation was commenced in 2013. We expect to finish the installation in mid of 2014. Since we intend to use the SCD wind turbines for offshore applications, our research staff have been collecting and analyzing offshore metrological data, hydrologic data and relevant information for the installation and operation of these wind turbines.

Other Potential New Products

To expand our product portfolio and to cater to market demand, we are currently developing in-house several new products. For example, we are developing a 4.0MW wind turbine model in response to the demand for larger multi-megawatt wind turbines.

Configuration for a Wide Range of Wind Conditions

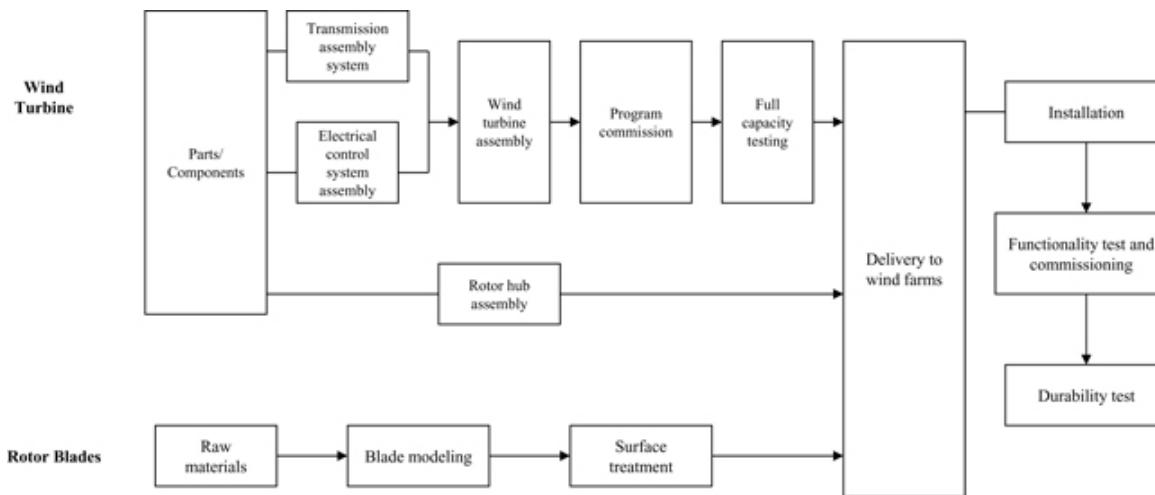
Based on evaluation of wind resource and micro-siting analysis, we configure our MY1.5s and MY1.5se wind turbines for a wide range of wind conditions by selecting appropriate rotor blades and turbine tower designs with the goal to minimize the unit cost of electricity produced. Our wind turbines can be installed at wind farms with annual average wind speed as measured over a ten minute interval of up to 8.5 m/s and extreme wind speed of up to 70 m/s, including in the typhoon regions in eastern and southern China. For wind farms with low average wind speed but subject to occasional high speed wind gusts, we offer our MY1.5se wind turbines that are a cost effective solution for energy production in those regions.

Rotor Blades. We develop and manufacture in-house various rotor blades for our wind turbines. Two models of rotor blades for our 1.5MW wind turbines were utilizing aerodyn’s technologies transferred to us from Mingyang Electrical, namely, rotor blades with a length of 37.5 meters, or the regular rotor blades, and rotor blades with a length of 40.3 meters, or the enhanced rotor blades. The post-installation diameter of regular rotor blades and enhanced rotor blades reaches 77.1 meters and 82.6 meters, respectively. We also developed rotor blades with a post-installation of 89.0 meters for our 1.5MW wind turbines. We have developed and manufactured five models of rotor blades for our 2.0MW wind turbines and three models of rotor blades for our SCD wind turbines. Our rotor blades are made with glass fibers and have undergone special surface treatment to resist erosions from sandstorms and coastal salty air. Our rotor blades have extended length which provides our turbines with a larger swept area and a lower cut-in wind speed, which is the minimum speed at which the turbine can start rotating and generate power. This feature, together with the optimized aerodynamics design, increases the output of the wind turbine under low wind conditions and increase the output of the wind turbine.

Turbine Tower Designs. We also develop turbine towers, either through our own design or in cooperation with aerodyn Energiesysteme. Our turbine towers are of tubular design and with a height ranging from 65 meters to 100 meters, to meet different requirements of wind farms in locations with different wind patterns. Ladders and platforms inside the tower provide access to the nacelle. Our turbine tower design also can be customized to meet customer needs and wind farm conditions. We plan to continue to improve the designs of turbine towers that we offer in the future in response to specific requirements from our customers and market demand.

Our Operations

The following diagram depicts the key stages in our production process:



Production Capacity and Geographic Distribution

We manufacture rotor blades and assemble wind turbines on a large scale and in a cost effective manner and we can respond quickly to changes in customer demands. We plan to continue to improve our wind turbine design and streamline our processes in order to produce high-quality and reliable wind turbines with high efficiency and at competitive costs.

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As part of our effort to implement design and functional improvements to our wind turbine manufacturing, we have been moderating our production output continuously. As a result, we were able to deliver 1,090 units, 472 units and 614 units of our wind turbines in 2011, 2012 and 2013, respectively. Our designed annual production capacity had achieved 3,396 units in 2013, including 1.5MW wind turbines, 2.0MW wind turbines and SCD wind turbines, compared to 2,966 units in 2012 and 2,546 units in 2011.

We currently assemble our wind turbines in our Zhongshan, Jilin, Tianjin, Rudong, Dali, Inner Mongolia and Gansu (including Hami) facilities, where we have a total of 140 assembly stations concurrently operating. We relocated the assembly lines at Xi'an facility to our new facility in Tianjin, which commenced commercial production in October 2010. As of December 31, 2013, our aggregate annual production capacity reached 2,636 units of 1.5MW wind turbines, 560 units of 2.0MW wind turbines and 200 units of 2.5/3.0MW SCD wind turbines, assuming 25 actual working days per month. The Dali facility currently has a designed annual capacity of approximately 345MW, representing 150 units of 1.5MW wind turbines and 60 units of 2.0MW wind turbines.

We currently manufacture our rotor blades in our Zhongshan, Jilin, Dali, Gansu and new Tianjin facilities, where we have 28 blade molds with an aggregate annual production capacity of 2,370 sets of rotor blades.

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We expanded our Zhongshan facility to increase its designed annual capacity of 2.5/3.0MW SCD wind turbines to 100 units in 2010, which was further increased to 200 units in 2011. We also expanded our production capacity in Tianjin. The aggregate designed annual capacity of the new Tianjin facility reached 786 units of 1.5MW wind turbines and 200 units of 2.0MW wind turbines by the end of 2013. In addition, our facility for the manufacture of rotor blades in Jilin, Jilin Province, commenced commercial operation in February 2010 with a designed annual capacity of 384 sets. The other facility in Rudong, Jiangsu Province, the first phase of construction of which was completed in November 2010 and we commenced commercial production of 1.5MW wind turbines at our Rudong facility in September 2011. The Rudong facility has an annual designed production capacity of 200 units of 1.5MW wind turbines as of December 31, 2013. We established our Inner Mongolia facility which commenced commercial production in June 2011. The annual designed production capacity of this facility is approximately 288 units of 1.5MW wind turbines. We commenced the production of our 2.0MW wind turbines since 2012 in our Jilin and Inner Mongolia facilities, where we had an aggregate annual production capacity of 300 units of as of December 31, 2013. In addition, our Gansu (including Hami facility) commenced operation in October and December 2013, respectively.

The table below summarizes our historical actual and designed production capacities in different locations in the periods indicated:

Facilities	Products	Actual Commencement of Commercial Productions	Actual Units Produced as of December 31, 2011	Annual Designed Production Capacity as of December 31, 2011	Actual Units Produced as of December 31, 2012	Annual Designed Production Capacity as of December 31, 2012	Actual Units Produced as of December 31, 2013	Annual Designed Production Capacity as of December 31, 2013
Zhongshan, Guangdong Province	1.5MW wind turbines	August 2007	219 units	288 units	96 units	288 units	82 units	288 units
	2.5/3.0MW SCD wind turbines	September 2010	—	200 units	—	200 units	1 units	200 units
	Rotor blades	May 2008	177 sets	288 sets	115 sets	360 sets	135 sets ⁽⁵⁾	360 sets ⁽⁶⁾
Jilin, Jilin Province	1.5MW wind turbines	December 2008	229 units	524 units	131 units	524 units	44 units	524 units
	2.0MW wind turbines	November 2012	—	—	45 units	200 units	48 units	200 units
Tianjin (new)	Rotor blades	February 2010	166 sets	384 sets	79 sets	384 sets	65 sets	384 sets
	1.5MW wind turbines	October 2010	376 units	786 units	233 units	786 units	203 units	786 units
Rudong, Jiangsu Province	2.5/3.0MW SCD wind turbines	November 2010	17 units	200 units	—	200 units	—	—
	2.0MW wind turbines	—	—	—	—	—	46 units	200 units
	Rotor blades	March 2010	418 sets ⁽¹⁾	900 sets ⁽²⁾	213 sets ⁽³⁾	900 sets ⁽⁴⁾	324 sets ⁽⁷⁾	900 sets ⁽⁴⁾
Dali, Yunnan Province	1.5MW wind turbines	September 2011	10 units	260 units	—	200 units	—	200 units
Ulanqap, Inner Mongolia	1.5MW wind turbines	January 2013	—	—	—	120 units	142 units	150 units
	2.0MW wind turbines	—	—	—	—	60 units	8 units	60 units
Jiuquan, Gansu Province	Rotor blades	—	—	—	—	150 sets	112 sets	150 sets
	1.5MW wind turbines	June 2011	66 units	288 units	17 units	288 units	1 unit	288 units
Hami, Xinjiang Uyghur Autonomous Region.	2.0MW wind turbines	July 2012	—	—	—	100 units	24 units	100 units
	1.5MW wind turbines	October 2013	—	—	—	—	3 units	400 units
Total	Rotor blades	December 2013	—	—	—	—	13 sets	576 sets
	1.5MW wind turbines	—	900 units	2,146 units	477 units	2,206 units	475 units	2,636 units
	2.5/3.0MW SCD wind turbines	—	17 units	400 units	—	400 units	1 units	200 units
	2.0MW wind turbines	—	—	—	45 units	360 units	126 units	560 units
	Rotor blades	—	761 sets ⁽²⁾	1,572 sets ⁽³⁾	407 sets ⁽⁴⁾	1,794 sets ⁽⁵⁾	649 sets	2,370 sets

(1) Includes the production capacity of 11 sets of SCD rotor blades for our 2.5/3.0MW SCD wind turbines.

(2) Includes the production capacity of 144 sets of SCD rotor blades for our 2.5/3.0MW SCD wind turbines.

(3) Includes the production capacity of 8 sets of rotor blades for our 2.0MW wind turbines.

(4) Includes the production capacity of 144 sets of SCD rotor blades for our 2.5/3.0MW and 6.0MW SCD wind turbines and 162 sets of rotor blades for our 2.0MW wind turbines.

(5) Includes 1 set of SCD rotor blades for our 2.5/3.0MW SCD wind turbines.

(6) Includes the production capacity of 120 sets of SCD rotor blades for our 2.5/3.0MW SCD wind turbines.

(7) Includes 83 sets of rotor blades for our 2.0MW wind turbines.

In addition to our facilities in China, our newly acquired subsidiary in India, GWPL, has a turbine and tower manufacturing facility located in Silvassa, India. The facility currently has a designed annual capacity of approximately 600MW.

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We intend to manage and expand our production capacity in a controlled manner to ensure that we complete such expansion in an efficient way at competitive costs and in a manner closely aligned with market demand. We locate our facilities close to areas where our customers have built or will most likely build wind farms in order to reduce our transportation costs in connection with the delivery of our wind turbines and replacement spare parts, facilitate our provision of prompt and responsive technical and maintenance support services. Our production facilities in Zhongshan, Rudong, Tianjin, Dali and Jilin are intended to serve the southern, eastern, central and northern regions of China, respectively and facilities in Inner Mongolia and Gansu are intended to serve the northwest region of China.

Cost Effective Production

We plan our production in order to deliver wind turbines according to the schedule set forth in wind turbine sales contracts, on a monthly, quarterly and annual basis. Our customers typically demand the first batch of delivery within six months from the date of the wind turbine sales contract. We manage and allocate production tasks at our headquarters partly on our estimates of the order flow and partly on the basis of delivery schedule as set forth in the turbine sales contracts. For each wind farm, we typically assign the production tasks to the closest facility in order to reduce the transportation cost.

Our advanced manufacturing and assembly processes, together with our China-based production, enable us to optimize our production costs. For instance, we use hydraulic tools to increase our efficiency in assembling gearboxes, and we have optimized the shape of our blade mold to reduce the amount of glass fiber to be used for each rotor blade which further reduces our manufacturing cost. In addition, we are able to improve the production efficiency and reduce material waste in the rotor blade production as a result of improvements to our manufacturing process. The wind turbine manufacturing and assembly includes both automated and manual processes. We achieve a cost efficient structure by optimizing our mix of automated and manual processes, thereby taking advantage of the relatively low cost of skilled labor as well as engineering and technical talent in China. Furthermore, our China-based production model enables us to enjoy the cost advantages of relatively inexpensive land, production equipment, facilities and utilities in China.

Supply of Raw Materials and Components

The key components of a wind turbine include the rotor blades, rotor hubs, main shafts, main frame, gearbox, bearing, generator, frequency converter, transformers, pitch control system and electrical control system. At the early stage of our operation, we purchased a small portion of rotor blades from third party manufacturers due to our then limited rotor blade production capacity. Starting from 2009, we manufactured all our rotor blades in-house for our wind turbines, using licensed technology from aerodyn Energiesysteme, to ensure the quality and supply and to capture the higher margin that we believe is offered by rotor blades manufacturing. We purchase our electrical control systems, pitch control systems and frequency converters, each a key component of our wind turbines, from Tianjin REnergy Electrical Co., Ltd., or REnergy, an affiliated entity controlled by our chairman and chief executive officer, Mr. Chuanwei Zhang. Starting from February 2010, we contracted REnergy to supply electrical control systems for us utilizing our proprietary technologies and our brand name. In addition, we mainly purchase parts and components of gearboxes and generators for our SCD wind turbines from overseas and domestic suppliers, including Lloyd Dynamowerke GmbH & Co. KG and Zahnradfertigung OTT GmbH & Co. KG, each a German company, and Nanjing Turbine & Electric Machinery. We assemble the purchased parts and components of gearboxes in-house which we believe effectively contributes to the reduction of our total manufacturing costs.

We purchase other components from carefully selected reputable suppliers. For major components, we identify suppliers through a bidding process. Based on our evaluation of their technology capabilities, product quality, pricing terms, production capacity, operational management and post-sales services, we generally engage two or three suppliers for each major components and allocate from 50% to 70% of the procurement to one designated supplier in order to minimize dependency on any single supplier, ensure quality and stable supply and obtain favorable pricing. We plan to continue to expand our supplier networks. Moreover, we currently assemble gearboxes, generators and pitch control systems in-house for our SCD wind turbines due to its unique compact and enclosed design. To ensure the quality of such in-house manufactured components and SCD wind turbines, we have also set up two full capacity testing centers for SCD wind turbines at our Zhongshan and Tianjin facilities to inspect and examine on wind turbines as well as pitch control system, electrical control system, drive train and other key components.

Like most other Chinese wind turbine manufacturers, we previously purchased key components, such as gearboxes and generators, solely from overseas suppliers such as Jahnel-Kestermann Getriebewerke Bochum and VEM Sachsenwerk GmbH, or VEM, in Germany. Since 2008, we have increasingly sourced components of comparable quality from domestic suppliers, many of which we believe are also suppliers for world leading wind turbine manufacturers including Vestas Wind Systems A/S, or Vestas, General Electric Energy Company, or GE, Nordex AG, or Nordex, and REpower Systems AG, or Repower. In order to reduce costs and obtain more responsive post-sales services from our suppliers, we have gradually localized the supply of key components from the Chinese factories of foreign component manufacturers or established domestic supply network. Currently, we manufacture rotor blades in-house and source almost all of the raw materials and components for our 1.5MW wind turbines from the Chinese factories of foreign component manufacturers or established domestic suppliers, except that we may from time to time purchase certain of our key components from overseas suppliers upon requests from our customers.

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We have established strategic relationships with our primary suppliers of main bearings, gearboxes, frequency converters and generators by entering into framework supply agreements to express the parties' intention to explore future cooperative opportunities in good faith, including with regard to favorable pricing terms, supply priority, quality and post-sales service assurance and technology cooperation. For example, in February 2010, we entered into a framework supply agreement with Winergy Tianjin, the Chinese subsidiary of a world leading supplier of gearboxes, for the supply of our gearboxes for the years from 2010 to 2013. In 2009, we entered into strategic cooperation framework agreements with selected suppliers, including ABB Beijing Drive Systems Co., Ltd., or ABB Beijing, Schaeffler Hong Kong Company Limited, or Schaeffler, Nanjing Turbine & Electric Machinery (Group) Co., Ltd. and Wafangdian Bearing Company Ltd., or Wafangdian Bearing, under which we agreed in principle to provide these suppliers priority in exchange for most favorable pricing terms available as well as priority for additional orders from these suppliers. These strategic cooperative agreements do not contain substantive terms, and supply contracts with specific terms and conditions in each case will need to be separately entered into to carry out the parties' intentions in the framework agreements, we believe that these strategic cooperation relationships have provided us with competitive advantages in terms of the quality, supply, price and after-sales services. Since January 2011, Nanjing High Speed also agreed to provide warranties for the gearboxes for a prolonged warranty period of 60 months from the commencement of operation of relevant wind turbines, or 66 months from the shipment of such parts or components, whichever is earlier, and is responsible for all costs incurred as a result of any problems due to the quality of its products. The agreements will be terminated upon the completion of the performance of obligations of both parties. We are also entitled to terminate the purchase agreements by written notice if (i) Nanjing High Speed is not able to deliver gearboxes in a specific time period, (ii) it fails to perform other obligations under the agreements, or (iii) we incur a significant loss due to the poor quality of its products. In addition, Zhongshan Mingyang Energy Investment Co., Ltd., or Mingyang Energy Investment, an affiliated entity controlled by Mr. Chuanwei Zhang, has invested 10% of the equity interest in a joint venture set up between VEM and Nanjing Turbine & Electric Machinery.

The table below sets out our key suppliers by major components:

<u>Component</u>	<u>Supplier</u>	<u>Location</u>
Hubs	Jiangsu Jixin Wind Power Technology Co., Ltd.	Jiangsu Province
	Jiangsu Huadong Wind Energy Technology Co., Ltd.	Jiangsu Province
Main shafts	Jiangyin Zhenhong Heavy Forging Co., Ltd.	Jiangsu Province
	Pinghu Zhongzhou Heavy Machinery Co., Ltd.	Zhejiang Province
Gearboxes	Nanjing High Speed	Jiangsu Province
	Bonfiglioli Drives (Shanghai) Co., Ltd.	Shanghai
Electric generators	Nanjing Turbine & Electric Machinery (Group) Co., Ltd.	Jiangsu Province
	Xiangtan Electric Limited Stock Ltd.	Hunan Province
Main frames	Shandong Tongli Steel Structure Company	Shandong Province
	XiangTan Yongda Machine Manufacturing Co., Ltd.	Hunan Province
Electrical control system (Control cabinet)	REnergy	Tianjin
Frequency converters	REnergy	Tianjin
	ABB Beijing	Beijing
	Guangdong Mingyang Longyuan Power and Electronical Co., Ltd.	Guangdong Province
Pitch control system	REnergy	Tianjin
	SSB Wind Energy Technology (Qingdao) Co., Ltd.	Shandong Province
Main bearing	Schaeffler	Hong Kong
	Wafangdian Bearing	Liaoning Province
	Luoyang LYC Bearing Co., Ltd.	Henan Province
Yaw and pitch bearing	Xuzhou Rothe Erde Slewing Bearing Co., Ltd.	Jiangsu Province
	Wafangdian Bearing	Liaoning Province
	Luoyang LYC Bearing Co., Ltd.	Henan Province
Transformers	Zhuhai South Hualitong Special Transformer Co., Ltd.	Guangdong Province
Nacelle cover	Jilin Dongqi Science & Technology Co., Ltd.	Jilin Province
	Qinyang Yangpu Industry Co., Ltd.	Henan Province
	Xiangtan Leading Electric Co., Ltd.	Hunan Province

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For non-critical components that are produced to specification, such as standard components, fasteners and connecting terminals, we source from multiple local suppliers that are in proximity to our production facilities via a bidding process. We select such suppliers on the basis of track record, size of the supplier and other commercial factors.

The key raw materials for rotor blade manufacturing include glass fiber, balsa wood, PVC foam and epoxy resin. We purchase our epoxy resin mainly from Wells Electronic Materials (Shanghai) Co., Ltd. and obtain glass fiber, balsa wood, PVC foam and other raw materials from domestic suppliers. We are able to source these raw materials from other suppliers in the event our current suppliers cannot meet our manufacturing needs.

We usually require the suppliers of some key components, such as main shafts, pitch control systems and electrical control cabinets, to consign a certain amount of their components to our designated storehouses, and we settle the purchase orders with these suppliers based on the actual consumption of such components monthly. We believe this enhances the stability of our supply chain and also may reduce the costs due to the large purchase quantity. We typically place component orders after we have received a firm order for our wind turbines and have received prepayments in order to minimize our inventory. The component suppliers typically provide warranties for a period ranging from 6 months up to 30 months after the delivery or commissioning of the wind turbines. Starting from 2011, some of our suppliers agreed to provide prolonged warranties for a period ranging from 18 up to 66 months after the delivery or commissioning of the wind turbines.

Quality Control and Certifications

We have implemented stringent quality control measures that cover the entire business cycle from research and development, raw material procurement, manufacturing and assembly, installation and commissioning to technical and maintenance support services. We received ISO9001:2000 and ISO9001:2008 certifications for our quality management systems of turbines and blades. In December 2010, our wind turbines were awarded as a top brand product in Guangdong Province. Our senior management is actively involved in setting internal quality control policies and established a dedicated quality control department at our headquarters that sets forth general quality control guidelines, manages our quality control practices and oversees the performance of the dedicated quality control teams at each facility. We seek feedback from our engineers at the wind farms and our customers to adjust and further improve our products, manufacturing and assembly processes as well as our quality control procedures.

Our quality control procedures start with our design process, where we employ failure analysis based on established engineering principles and in accordance with industry practices. Our quality control procedures also include quality assurance of raw materials and components, which includes selection of established and reputable suppliers, annual evaluation of our major suppliers, onsite monitoring if necessary and inspection of raw materials and components upon their arrival at our facilities. We have a dedicated team stationed on site at our suppliers of key components such as the gearbox, generator, main frame, rotor hub and main shaft, to monitor the manufacturing and quality control processes of the suppliers. We examine the quality of raw materials and components upon delivery and before usage. We have established quality control measures in each of the key stages of our manufacturing and assembly process and our workers in the production facilities take responsibility of on-going quality control together with the management team at each facility.

After the assembly is completed, we conduct a full capacity performance test on most of the assembled nacelles that lasts no less than three hours by placing it on a testing center in our facilities. We have developed the software and the hardware for the testing center in-house. We currently have five full capacity testing centers for our 1.5MW wind turbines at our Zhongshan, Tianjin, Jilin, Dali and Inner Mongolia facilities and two full capacity testing centers for SCD wind turbines at our Zhongshan and Tianjin facilities. If we detect a problem, we would perform a failure analysis to determine the cause and the wind turbine will be adjusted or re-assembled depending on the analysis result until the nacelle passes the full capacity performance test.

Once at wind farms, our installation team of engineers and professional staff will supervise third-party installation companies engaged by the wind farm operators to install the wind turbines. We perform a functionality test to our wind turbines after the installation work has been completed in order to test the performance of our wind turbines to make sure they meet all of the specific acceptance criteria of our customers. The completion of the functionality test after the installation indicates that our wind turbines have been commissioned. A durability test, which typically lasts 240 hours but may be as long as 360 or 500 hours on a case by case basis upon customers' request, is subsequently performed to ensure the proper and stable connection of our wind turbines to power grids. The warranty period of our wind turbines typically commences after they pass the durability test. So far, none of our wind turbines has failed to pass the durability test within the time period accepted by the customer. In 2013, a total of 614 units wind turbines were delivered, 549 units had passed the functionality test and were commissioned for which we recognized revenue. We provide warranties of two to six years for our wind turbines after the wind turbines have passed the durability test, during which time period, we provide technical and maintenance support services and cover parts and labor for non-maintenance repairs and replacement.

Our on-site engineers at the wind farms provide feedback to our research and development team and quality control team to further improve our product design and the manufacturing process.

We have established a tracking system to enable us to identify the underlying quality issues of the raw materials and components in order to seek compensation from the suppliers.

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The following table sets forth the major certifications we have received and major test standards our products have met as of December 31, 2013:

<u>Certification Test Date</u>	<u>Certifications or Test Standard</u>	<u>Relevant Product</u>
September 2008	ISO9001:2000 quality system certification ⁽¹⁾	Wind turbines
July 2009	ISO9001:2008 quality system certification ⁽¹⁾	Blades

- (1) Issued by International Organization for Standardization, an organization formed by delegates from member countries to establish international quality assurance standards for products and manufacturing processes.

Certification of Our Products

We believe that we are among the first Chinese wind turbine manufacturers to apply for type certificates from GL and are the first Chinese wind turbine manufacturer to have received a design stage statement of compliance. Our wind turbines are designed to meet the specifications set by GL. In June 2007, we received a statement of compliance for C-Design assessment of design plausibility for our MY1.5s model prototype installed in Zhanjiang. In December 2009, we received a statement of compliance for D-Design assessment, from GL for another of our MY1.5se model wind turbines. We had also obtained from WINDTEST Kaiser-Wilhelm-Koog GmbH, or WINDTEST, a leading wind turbine testing firm in Germany and a subsidiary of GL, reports on power performance measurement, acoustic noise measurement and power quality measurement for our 1.5MW wind turbines in Zhanjiang. We obtained a statement of compliance for B-Design assessment in October 2011 and a statement of compliance for A-Design assessment in March 2012 for our MY1.5s models from GL. We also obtained a GL B Type Certificate and a GL A Type Certificate for our MY1.5s model in September 2012 and June 2013, respectively. As of the date of this annual report, we are in the process of applying for other GL certifications for our wind turbines, mainly MY1.5MW with 89.0 meter diameter rotor blades and MY2.0MW with 104.0 meter diameter rotor blades.

In addition, we received several product design certificates from CGC, for our 1.5MW wind turbines. According to the Provisional Measures for Administration of Special Funding for the Industrialization of Wind Power Equipment promulgated by the Ministry of Finance of China on August 11, 2008, certificate from CGC is one of the requirements imposed by Chinese regulations on wind turbine manufacturers to be eligible to receive state funding. We received the funding from the provincial authority for our facility expansion in Zhongshan, Guangdong Province for the three years ended December 31, 2012. We also received certificate for our regular rotor blades from CCSC, a Chinese certification and inspection institution, in November 2009. As of December 31, 2013, our wind turbine products had obtained 14 certificates from domestic and overseas certification bodies and passed 25 various domestic power grid tests.

In July and December 2011, we obtained testing reports issued by the Wind Power Grid Connection Research and Evaluation Center under the China Electric Power Research Institute, certifying that our MY1.5se model wind turbines had fulfilled the LVRT requirements in accordance with the grid code in China. China Electric Power Research Institute is currently the only authority with a testing facility for LVRT in China. The LVRT refers to the capability of a wind turbine to react properly to sudden fluctuations in grid voltage and remain connected to the grid under these abnormal conditions. In December 2011, the National Energy Administration issued new rules requiring newly installed wind turbines approved after January 1, 2011 to obtain a certification proving LVRT capabilities. Currently, 16 of our wind turbine models have passed LVRT test. We believe all of our wind turbines are able to meet the LVRT requirements.

We believe that these certifications will enhance our credibility and help us attract new customers, especially as we expand in the overseas markets.

The following table sets forth the major effective certifications we have received as of December 31, 2013.

<u>Certification Test Date</u>	<u>Certifications or Test Standard</u>	<u>Relevant Product</u>
September 2011	CGC GB18451.1-2001	MY1.5sl (89.0m rotor blade)
November 2011	CGC GB18451.1-2001	SCD3000 loading system
October 2011	CGC GB18451.1-2001	2.5MW SCD (110.0m rotor blade)
March 2012	GL Statement of Compliance for the A-Design Assessment	MY1.5s model
September 2012	GL B Type Certificate	MY1.5s model
June 2013	GL A Type Certificate	MY1.5s model

Distribution, Warranty and Maintenance Support Services

We are typically responsible for shipping the wind turbines to the wind farms designated by our customers. Due to the size and weight of wind turbines, transportation cost is typically high, constituting approximately 3.9% of the all-in-cost of a wind turbine, depending on transportation distance. In order to minimize transportation cost, we strategically build our facilities close to areas where wind farms are built.

Our average transportation cost per unit was increased from RMB111,000 in 2011 to RMB138,000 in 2012, primarily due to the long distance we delivered our wind turbines to wind farms located in northwestern areas in China and overseas to Bulgaria. Our average transportation cost per unit further increased to RMB165,000 (US\$27,256) in 2013, primarily due to the long distance and high altitude areas in northwestern and southwestern China where we delivered our wind turbines.

We contract with third-party professional transportation companies to deliver the nacelle with assembled components, rotor blades, foundation level electrical control cabinet and certain other components separately. The wind farm operators engage professional manufacturers to build and erect the turbine towers based on our turbine tower designs and technical specifications provided by us. Once at wind farms, our engineers and professional staff will supervise third-party installation companies hired by the wind farm operators to install the wind turbines. We perform a functionality test to our wind turbines after the installation work has been completed in order to test the performance of our wind turbines to make sure they meet all of the specific acceptance criteria of our customers. The completion of the functionality test after the installation indicates that our wind turbines have been commissioned. A durability test, which typically lasts 240 hours but may be as long as 360 or 500 hours on a case by case basis upon customers' request, is subsequently performed to ensure proper and stable connection of our wind turbines to power grids. The warranty period of our wind turbines typically commences after they pass the durability test.

We provide warranties of two to six years for our wind turbines after the wind turbines have passed the durability test, during which time period, we provide technical and maintenance support services and cover parts and labor for non-maintenance repairs and replacement. Under the sales contracts, we offer the customers spare parts at prices which are determined with reference to fair market prices at the time of such sales contracts, or at estimated fair market prices at the time of delivery of such spare parts. Upon the repairs and replacements, we typically restart the warranty period for the repaired or replacement components and our suppliers of such components will generally bear the cost of the repair and replacement during such turbine warranty period in accordance with the provisions in the supply agreements we entered into with these suppliers. Warranty on the components is partially covered by respective suppliers. During the warranty period, we typically guarantee that the availability of our wind turbines is at least 95% on an annual basis. The availability is typically defined as percentage that equals the total number of hours that a wind turbine is ready and available for operation and the production of energy or would be ready and available for operation and the production of energy but for scheduled maintenance, grid unavailability and wind speed and weather conditions falling outside of operation range, divided by the total hours in a year. Furthermore, during the warranty period, we typically also guarantee that at any wind speed, the annual average power output of our wind turbines will exceed 95% of their designed power output at the same wind speed. Upon request from our customers, we may increase the percentage threshold from 95% to 97%. We are generally obligated to pay a monetary damage of up to 20% of the purchase price of the wind turbine in case of non-performance or underperformance. Customers can also choose to replace the wind turbines if the annual power output of our wind turbines does not exceed certain designed power output after extensive verification.

We provide trainings to our customers on the installation, commissioning, use, maintenance and operation of our wind turbines before our engineers and professional staff provides installation supervision services on-site. We also provide technical support for our supervisory control and data acquisition system, or SCADA system. Our technical and maintenance support services are available 24 hours a day and 7 days a week. During the warranty period, we staff employees at each wind farm, who perform regular maintenance tasks and provide technical support to the wind farm operators.

In order to enhance our value-added services, we plan to continue to offer technical and maintenance support services after the expiry of the warranty period for a fee to be mutually agreed between us and our customers. The duration of the service package would be three years, with an option to extend for another three years.

Our Customers

Approximately 66.1% of our total revenue derived from the sales of wind turbines through 2011 to 2013 were generated from the five largest state-owned Chinese electric power producers, namely, China Datang, Huadian, Guodian, CPIC and Huaneng, or their alternative energy subsidiaries, such as Longyuan and Datang Renewable, each a company listed on the Hong Kong Stock Exchange. According to the Chinese Wind Energy Association, a member of the World Wind Energy Association, these customers were among the top wind farm operators in China as measured by newly installed wind capacity, with an aggregate installed capacity accounting for more than 55% of China's newly installed capacity that year. Our three largest customers, as measured by units of wind turbines contracted since our inception in 2006 through December 31, 2013, were Huaneng, Huadian and China Datang. Our customers have wind farms that are located in many provinces and autonomous regions in China, especially in areas with abundant wind resources, for example Inner Mongolia Autonomous Region, Liaoning Province, Jilin Province, Heilongjiang Province, Hebei Province, Gansu Province and Guangdong Province.

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We also sell wind turbines to regional alternative energy investment companies, regional electric power producers and wind farm operators in the private sector, including Shang Yi Chahar Wind Power Co., Ltd., Beijing Energy, Yudean, Guangdong Shuidian Bureau Two Co., Ltd., Fujian Investment and Development Group Co., Ltd., Inner Mongolia Aode Sente New Energy Development Co., Ltd., Da'an Runfeng Energy Development Co., Ltd. and Shanghai Chengrui Investment Ltd. New orders from these regional customers amounted to 437 units, 317 units and 232 units in 2011, 2012 and 2013, respectively, accounting for approximately 44.9%, 65.9% and 21.2% of our total orders, in terms of total power output, for the years ended December 31, 2011, 2012 and 2013, respectively. We expect the market shares in China's wind power industry contributed by these regional alternative energy investment companies to continue to increase in the near future.

We, through Mingyang Electrical, received our first order from Yudean for its wind farm located in the Guangdong Province in May 2007. Since our inception in 2006 through December 31, 2013, we entered into sales contracts with 45 end customers to deliver 4,804 units of our wind turbines, including 4,200 units of our 1.5MW wind turbines, 524 units of 2.0MW wind turbines and 80 units of SCD wind turbines, respectively. We delivered 1,090 units, 472 units and 614 units of wind turbines and recognized revenue for 980 units, 518 units and 549 units of wind turbines, which amounted to RMB5,438.1 million, RMB2,649.7 million and RMB2,688.8 million (US\$444.1 million) in 2011, 2012 and 2013, respectively.

As of the date of this annual report, we contracted and delivered various models of wind turbines, including 1.5MW, 2.0MW and 2.5/2.75/3.0MW SCD wind turbines. The following table sets forth the number of wind turbines we secured contract for, delivered and commissioned and recognized revenue that is attributable to the sales of wind turbines as of the dates and for the periods indicated:

Quarter	New Orders Signed	Cumulative Orders Signed(1)	Deliveries(2)	Cumulative Deliveries(1)	Commissioned and Revenue Recognized(3)	Cumulative Commissioned and Revenue Recognized(1)
(in units of wind turbines)						
2009						
First Quarter	99	683	49	118	20	36
Second Quarter	35	718	43	161	58	94
Third Quarter	359	1,077	94	255	29	123
Fourth Quarter	81	1,158	192	447	45	168
2010						
First Quarter	265	1,423	67	514	128	296
Second Quarter	370	1,793	77	591	182	478
Third Quarter	288	2,081	188	779	239	717
Fourth Quarter	176	2,257	278	1,057	253	970
2011						
First Quarter	232	2,489	177	1,234	198	1,168
Second Quarter	253(4)	2,742	212	1,446	245	1,413
Third Quarter	197	2,939	384	1,830	370	1,783
Fourth Quarter	292	3,231	317	2,147	167	1,950
2012						
First Quarter	150	3,381	28	2,175	80	2,030
Second Quarter	66	3,447	96	2,271	116	2,146
Third Quarter	160	3,607	154	2,425	152	2,298
Fourth Quarter	105	3,712	194	2,619	170	2,468
2013						
First Quarter	202	3,914	136	2,755	150	2,618
Second Quarter	264	4,178	88	2,843	103	2,721
Third Quarter	168	4,346	168	3,011	179	2,900
Fourth Quarter	458	4,804	222	3,233	117	3,017

(1) As of the end of the quarter.

(2) Delivery of a wind turbine refers to the arrival of the wind turbine at the customer's designated wind farm and the completion of preliminary inspection and acceptance by the customer.

(3) Commissioning of a wind turbine refers to grid-connection commissioning, whereby the wind turbine is installed and a functionality test is performed to ensure proper connection to the grids. A durability test is conducted following the commissioning.

(4) In September 2013, we amended the sales contract with Huaneng Zhanjiang Wind Power Co., Ltd. The total number of contracted wind turbines was changed from 18 units of 2.75MW wind turbines to 20 units of wind turbines, consisting of 10 units of 2.0MW and 10 units of 3.0 MW wind turbines.

Sales and Marketing

China's wind power industry is still at its early expansion stage. Before 2008, there were few market players in the wind turbine industry and wind turbine contracts were primarily granted to large state-owned wind turbine manufacturers jointly with wind farm operators through a commission bidding process organized by NDRC. As a result, key state-owned wind turbine manufacturers dominated the market. Since 2008, however, Chinese wind farm operators have increasingly adopted competitive bidding and the purchase orders we obtained have increased significantly.

Our marketing and sales team currently consists of 71 individuals. We have regional sales managers, focusing on the northeastern, northwestern, eastern and southern China regions, and customer sales representatives focusing on individual customers. We typically enter into sales contracts with our customers on a project-by-project basis, which provide for the model and number of units of wind turbines to be delivered to designated wind farms. Wind turbines with parts and components and related services we provide under the sales contract are required to meet the technology specifications and are subject to inspections and examinations by our customers. Our customers make payments to us in installments in accordance with payment schedules under the sales contracts, which are usually in line with our delivery and installment schedules. In addition, the customers are entitled under the sales contracts to modify the terms and provisions of the sales contracts upon prior written notice. They are also entitled to terminate the sales contract upon written notice in the event of a delay in the delivery of wind turbines and related services which is longer than a grace period provided under the sales contract. In the circumstance of force majeure, both parties may terminate the contract upon a written notice.

Sales Contracts with Wind Farm Operators Obtained via Competitive Bidding Process

We are typically awarded contracts by our customers through a competitive bidding process. Once we receive a request for proposal from a wind farm operator, the relevant regional sales manager and customer sales representative will work with the wind farm operator to offer a tailored package including wind turbines customized for the specific wind condition and geographic location of the wind farm as well as value-added services such as assistance in facilitating our customers to obtain lease financing services. Our customers typically evaluate and select the bid based on a number of factors, including our reputation and financial conditions, our pricing and other commercial terms, the quality and safety of our wind turbines, the technical specifications and reliability of the wind turbines, our relationships with key components suppliers, our technical and maintenance support services and our ability to provide additional value-added services. We believe that our ability to offer customized wind turbines, responsive technical and maintenance support services and additional value-added services has helped us secure orders.

Strategic Cooperation Relationship and New Customer Base

We enter into framework cooperation agreements with wind farm operators and local governments in areas with abundant wind resources and potential for wind farm development. In April 2008, we entered into a cooperative agreement with one of our then joint venture partners and a local governmental authority in Jilin, Jilin Province. In December 2008 and June 2009, we entered into framework agreements with wind farm operators and local governmental authorities in Fuxin, Liaoning Province and Rudong, Jiangsu Province, respectively. We have successfully established our Jilin and Rudong facilities under such cooperation. In June 2010, we entered into a letter of intent in connection with wind source development with local governmental authorities in Inner Mongolia. In May 2011, we entered into a framework agreement with the local governmental authority in Ganzhou, Jiangxi Province, in connection with granting us priority to obtain rare earth resources and to supply wind turbines for proposed wind farm projects.

As of December 31, 2013, we have also entered into over 30 strategic cooperation agreements with our current customers, including China Datang, Guodian, Huaneng and Yudean, and prospective customers, such as China Guangdong Nuclear Power Corp., or CGNPC, China National Offshore Oil Corporation, or CNOOC, Hebei Dehe New Energy Co., Ltd. and China Wind Power Group Limited, to further capture more market opportunities in selected regions and sales contracts with them for certain of their future wind farm projects. Under these strategic cooperation agreements, these customers generally agreed to provide us with priority when they select suppliers for certain of their wind farm projects subject to requirements and restrictions of relevant laws and regulations. In exchange, we agreed to offer a wide array of supporting services and assistance to these customers, including necessary assistance in obtaining approvals for wind farm projects, facilitating wind farm construction and operation, providing favorable commercial terms to these customers when we are selected as their wind turbine provider. Cooperation under these strategic agreements will be subject to a further detailed agreement on a project-by-project basis. These agreements generally do not have a term and can be terminated by mutual consent. For example, in September 2011, we entered into a strategic cooperation agreement with Yudean to foster offshore wind power development in Guangdong province and to localize the production of multi-megawatt wind turbines. The further detailed implementation of the cooperation is subject to the approvals from relevant government authorities. In November 2011, we entered into a strategic cooperation agreement with China Southern Power Grid Co., Ltd., or CSG, and Yudean to establish a special alliance under the lead of GDRC, in relation to promote local offshore wind power development in Zhuhai, Guangdong Province.

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We have also begun exploring market opportunities by offering EPC arrangements. Under the EPC arrangements, we generally agree to develop the entire wind farm project, either through an investment in a proposed project company or the engagement in the wind farm construction directly at our own costs and expenses, including the installation of our wind turbines, with the intention to sell and transfer to the end customers our capital investment in the project company or the wind farm, as the case may be, for an expected consideration consisting of our initial capital contribution and an agreed fixed return of a certain percentage of such initial investment, upon its completion. Under the EPC arrangements, the customers will pay us for our capital investment in each wind farm and the wind turbines that are installed, upon the transfer. The customers also usually agree to be responsible for obtaining relevant governmental approvals. As of the date of this annual report, we had 13 ongoing EPC arrangements for wind farm projects with an aggregate of 351 units of wind turbines. Approximately RMB396.0 million (US\$65.4 million) was recognized as revenue under EPC arrangements in the year ended December 31, 2013.

Overseas Markets

We expect to continue our efforts to expand into selected major overseas wind power markets. We incorporated a subsidiary in the United States in July 2010 to explore local market opportunities. In addition, we believe that India is a wind power market with great potential and that a local manufacturing presence would better support our expansion in India. Mingyang Singapore acquired a 50% equity interest in GWPL in India in November 2012 in order to take advantage of its established resources, including manufacturing facility, local marketing and operating workforce. In November 2013, we entered into a framework agreement with a leading renewable energy developer in Romania, which agreement covers wind farm development, supply of EPC services and equipment procurement of a 200MW wind farm project.

Furthermore, we plan to continue to attend international trade shows and industry events, utilize resources available at various industry associations and increase direct sales efforts to develop overseas customers. We adopt tailor-made market entry strategies for different overseas markets based on the various features of each target market. We also intend to implement flexible business models, such as EPC arrangements, build-operate-transfer, or BOT, model, subject to the requirements and preference of potential overseas customers. We have also been actively exploring other target markets, such as Eastern Europe.

In addition, we also plan to further establish cooperative relationships with commercial banks in China to expand our business internationally. For example, we entered into a strategic cooperative agreement in September 2009 with Guangdong Provincial Branch of Industrial and Commercial Bank of China, or ICBC Guangdong, to obtain a maximum credit line of RMB5.0 billion within the next two years upon our request from time to time and various financial services. In May 2010, we entered into a further elaborated cooperation agreement with ICBC Guangdong for overseas financial services arrangements. In addition, in October 2011, we entered into a development financing cooperation agreement and a planning cooperation agreement with China Development Bank Corp., or CDB, which is a government policy bank wholly owned by China's central government. Under these agreements, CDB agreed to support our strategic and financial planning by granting up to US\$5.0 billion in potential financings, including loans and credit facilities from 2011 to 2015, and by actively participating in our medium-to long-term development planning. The financings from CDB are subject to further terms and conditions to be negotiated.

Research and Development Capabilities and Technology Partnership

We spent approximately RMB85.3 million, RMB85.8 million and RMB102.6 million (US\$16.9 million) on our research and development activities, during the fiscal years ended December 31, 2011, 2012 and 2013, respectively. We focus on enhancing our independent research and development capabilities and leveraging our relationships with international and domestic well-known research and development institutions, laboratories and universities.

Research and Development Capabilities

Our previous controlling shareholder, Mingyang Electrical, has been designing and manufacturing power control, frequency convertor and electrical appliances since 1995 and has accumulated a wealth of industry expertise and technological know-how. Through our participation in the design and development efforts with aerodyn Energiesysteme, we have accumulated considerable expertise in developing wind turbine technologies that allows us to customize wind turbines for specific wind farms and to tailor our products to customer needs. We further successfully developed and improved wind turbine designs for typhoon regions, tidal flat areas and plateaus.

Our research and development efforts have been recognized by relevant authorities. For example, in 2009, Guangdong Mingyang was granted government subsidies in the aggregate of approximately RMB0.3 million mainly for advanced technological improvements. In addition, we received government grants of RMB57.7 million, RMB166.7 million and RMB13.6 million (US\$2.2 million) in 2011, 2012 and 2013, respectively, mainly to support our research and development projects for large capacity and offshore wind turbines, the improvement of our manufacturing facilities, the industrialization of turbines and key components, and the acquisition of land use rights. Government grants that compensate us for research and development expenses incurred are recognized as other income in the same periods in which the expenses are recognized. Government grants that compensate us for the cost of an asset are recognized in other income over the useful life of the asset.

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As of December 31, 2013, our research and development and technology team had 232 members with in-depth knowledge of China's wind and weather conditions as well as substantial technical expertise in the design, development and manufacturing of megawatt-class wind turbines. Our team focuses on projects including micro-siting analysis, wind turbine design and development, blade design and manufacturing technologies, tower and offshore foundation development, testing and monitoring technology, electrical control and automation technology, and electric power transmission and distribution technology. We designed and developed the full capacity performance testing platforms for our 1.5MW wind turbines and SCD wind turbines. We have expertise in electrical control technology (including wind turbine monitoring and control, generator control, soft cut-in grid connection and inverting and pitch control technology). We contracted a third party to develop the electrical system for our wind turbines and own the intellectual property right to the source code of such electrical control technology.

In September 2007, we obtained an approval from the Guangdong Science and Technology Department to establish our Guangdong Mingyang Wind Power Technology Research Institute, our internal technology research institute, to focus on various research and development activities for wind turbines, including industrial standardization, wind resources and power grid study, 1.5MW wind turbine customization and optimization, 3.0MW SCD wind turbine technologies for offshore application, 6.0MW SCD wind turbine development, and wind-solar storage hybrid system study. In August 2010, we were authorized by Guangdong Science and Technology Department to establish a qualified provincial key laboratory of wind power technology in Guangdong Province.

Domestic and International Research Platforms

We cooperate with domestic universities, including Tsinghua University, Southern China University of Technology and Beijing University of Aeronautics and Astronautics, on research projects for advanced technologies in connection with 2.5/3.0MW wind turbines and rotor blades, such as electrical control system technologies, materials for rotor blades and low-temperature operations. With the technology and research capabilities of these universities, we have successfully applied the research results in a number of wind turbine technologies. We focus on building a technology platform utilizing cutting-edge technologies. In August 2009, we entered into a letter of intent with the wind energy division of Risø-DTU, one of world's leading research laboratories in sustainable energy, to cooperate on a broad range of research and development projects, including wind power meteorology, micro-siting, wind turbine external designs under extreme weather conditions in China, loading analysis on wind turbines at extreme wind conditions, wind farm design and technology norms, aerodynamics and integration of wind power and electrical system. In October 2009, we set up a wholly owned subsidiary, Mingyang Wind Power European R&D Center ApS, in anticipation of the establishment of a research and development center in Denmark in cooperation with the wind energy division of Risø-DTU to focus on the research and development of offshore wind turbine applications. In March 2012, we established our North American research and development center on the Centennial Campus of N.C. State University in Raleigh, North Carolina. The new research and development center focuses on enhancing the energy output and lowering the cost of electricity of offshore wind turbines, which plays a significant role in the development of blade design, turbine configuration study and control design for load management. We expect these international cooperations will strengthen our research and development ability to provide innovative and customizable wind power solutions to our customers.

Technology Partnership

In addition to obtaining, through Mingyang Electrical, the technical documents, specifications, manuals and drawings relating to the 1.5MW wind turbine from aerodyn Energiesysteme, our research and development team participated in the design and development of the 1.5MW wind turbine with aerodyn Energiesysteme. In June 2007, we applied for a design assessment from GL for our MY1.5s and MY1.5se models during the research and development stage, in order to shorten the development cycle, verify the design and improve the reliability of our wind turbines. The prototype of our MY1.5s model was successfully installed in October of 2007, 16 months after our inception in June 2006. Our MY1.5se model was delivered to Inner Mongolia in May 2008. We have customized our MY1.5s model to be installed in tidal flat areas in Rudong, Jiangsu Province, which wind turbines have been installed at the wind farm for trial operation in October 2009. We customized our 1.5MW model to operate in high altitude, low wind speed areas and areas with an extremely cold climate in China. See “—Our Operations—Certification of Our Products” for more details of certificates we obtained from GL and other institutes.

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We also have obtained exclusive license rights from aerodyn Asia to manufacture and distribute 2.5/3.0MW SCD wind turbines and 6.0MW SCD wind turbines in China under our brand name. Our SCD wind turbines feature a two-blade and modular design, a sealed rotor hub and nacelle and a highly compact drive train. Compared to conventional wind turbines manufactured and installed in China of the same rated power capacity, our SCD wind turbines have a smaller external size and weigh less therefore require smaller foundations, cost less to transport and install. These features enable our SCD wind turbines to be installed on land as well as in water more than ten kilometers away from the shoreline. In May 2010, we completed our first 2.5/3.0MW SCD wind turbine prototype, which was delivered and installed in a tidal flat area in Rudong, Jiangsu Province in August 2010 and was connected to grid at the end of 2010. The prototype has demonstrated successful operation since then. We delivered and installed an additional SCD prototype in November 2010. We commenced the small-batch manufacturing of our 2.5/3.0MW SCD wind turbines in the second half of 2010. In addition, the major components for 6.0MW SCD wind turbine prototype have been ordered. We have completed the in-house testing for the generator and have commenced the assembly for the gearbox. We have also launched the design process for customized models of 3.0MW SCD wind turbines which is expected to be installed in low wind speed areas. In June 2013, we successfully completed our first 6.0MW SCD prototype wind turbine and the preparation for installation was commenced in 2013. We expect to finish the installation in mid of 2014. The 6.0MW SCD prototype utilized our advanced two-bladed SCD technologies and is designed mainly for off-shore operation. We believe that our SCD technologies and wind turbines will further enhance our leadership and increase our market shares in wind power industry in China. In addition, we have finished the design work for the 58.5 meter diameter carbon rotor blades for SCD3.0MW wind turbine, which is designed and suitable for low wind speed areas. However, we intentionally postponed the commercial manufacturing of this carbon blade and SCD wind turbine modification given the current high manufacturing costs.

Intellectual Property

Patents, trademarks and other proprietary rights are important to our business. We also rely on licensing opportunities, trade secrets, know-how and continuing technological innovations to develop and maintain our competitive position in China's wind power equipment industry. We have applied for patent protection in connection with our nacelle designs with elevated internal pressure, wind turbine technology under sandstorms and typhoon weathers, assembly process techniques and other turbine technologies. As of December 31, 2013, we had obtained two copyrights, 132 patents and 152 patent applications at various stages pending in China, all of which were granted initial approvals. We plan to apply for additional patents in the future. According to relevant laws and regulations in China, our copyright has a term of protection of 50 years from the date of first publication, and our patent rights have a term of protection of ten years from the date of application.

Moreover, our anti-typhoon wind turbine, multi-megawatt wind turbine for humid environment and wind turbine integrated jacket device had been recognized as the gold prize of Patent Prize of Zhongshan City in 2010, 2012 and 2013, respectively. Multi-megawatt wind turbine for humid environment was also been awarded the outstanding patent prize of Patent Prize of Guangdong Province in 2013.

The following table sets forth the application dates and the types of the material patents we had obtained as of December 31, 2013:

<u>Patent</u>	<u>First Publication/Application Date</u>	<u>Type</u>
MY1.5s wind turbine process software	February 2007	Copyright
Anti-typhoon wind turbine	January 2008	Utility model
Nacelle for wind turbines	December 2008	Design
Anti-sand storm system	December 2008	Utility model
Lighting structure for wind turbine nacelles	May 2009	Utility model
Trigger device for limit switches	August 2009	Utility model
Wind turbine (SCD with two rotor blade)	July 2010	Design
Multi-megawatt wind turbine for humid environment	September 2010	Utility model
Multi-megawatt wind turbine for high altitude areas	September 2010	Utility model
Multi-megawatt wind turbine for extreme low temperature areas	September 2010	Utility model
Turbine tower	September 2010	Utility model
Blade full life cycle risk assessment system	November 2013	Copyright

Our key intellectual property rights are described below:

1.5MW Wind Turbine Technologies. Under a consignment design and development contract between Mingyang Electrical and aerodyn Energiesysteme, dated as of April 19, 2006, Mingyang Electrical obtained exclusive rights to own and use all the work products of the 1.5MW wind turbines, including all technical documents, specifications, manuals and drawings, while aerodyn Energiesysteme retains exclusive rights to its computer programs used as a part of the development and design platform.

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The parties shall be jointly entitled to intellectual property rights in connection with the 1.5MW wind turbine technologies under this contract. On May 20, 2007, Mingyang Electrical transferred to us all of its rights and obligations relating to the 1.5MW wind turbine technologies under this contract, including all the technical documents, specifications, manuals and drawings, for a fee. In 2008, we obtained the utility patent for our anti-typhoon wind turbine in China.

Prior to transferring the 1.5MW wind turbine technologies to us on May 20, 2007, Mingyang Electrical had entered into two technology sharing agreements with two of our domestic competitors, under which Mingyang Electrical agreed to provide them with the technical documents and drawings obtained from aerodyn Energiesysteme. They are not allowed to transfer their rights and obligations under the technology sharing agreements without the prior written consent of Mingyang Electrical. The technical documents and drawings these two companies are entitled to receive are limited to such technical documents and drawings as initially delivered by aerodyn Energiesysteme. Upon the technology transfer from Mingyang Electrical to us and per a supplemental agreement dated April 10, 2010, Mingyang Electrical irrevocably retained its rights and obligations under these two technology sharing agreements, which include provisions relating to facilitating the sharing of technical documents and drawings and collecting payments from those two companies. In addition, Mingyang Electrical retained the rights to continue using the technologies to the extent it used them only for the purpose of such technology sharing agreements.

We entered into a patent license agreement with an affiliate of GE on November 28, 2008, under which GE granted us and our affiliates a non-exclusive license of certain of its wind turbine technologies in the United States, Canada and Mexico where GE has obtained patent protection for these technologies. We only used this license in connection with our sales of two units of our 1.5MW wind turbines to an affiliate of GreenHunter, our former strategic investor and a U.S. based renewable energy company. In exchange, we agreed to make an upfront payment of US\$0.1 million to GE upon the execution of the sales contract we entered into with an affiliate of GreenHunter to sell up to two units of our 1.5MW wind turbines in regions where relevant patent protection has been granted to GE. In addition, we also granted GE and its affiliates a worldwide, perpetual, royalty free and non-exclusive license of any four patent families that GE may select from us or our affiliates during the term of the contract. A patent family is a number of patents issued in different countries for the same invention. In this regard, GE has a license for any four of our inventions in every country where such inventions are patented. With limited exceptions, such as change in control of Guangdong Mingyang, this patent license agreement remains effective until the date of expiration of the last-to-expire of the patents GE licensed to us under this agreement. The export, sales, installation and service of our 1.5MW wind turbines in the United States, Canada and Mexico may violate patent protection granted to GE, or its affiliates, in the relevant jurisdiction. In December 2008, the delivery of two units of wind turbines under a purchase order was postponed by the affiliate of GreenHunter, due to its deteriorative financial condition affected by the global financial crisis. To date, we have not made such upfront payment or granted any relevant licenses. With the recent development of our SCD wind turbine technology, we expect to export and distribute primarily SCD wind turbines in overseas market, which we believe will not infringe related patents protection of GE under the patent license agreement that relate to 1.5MW wind turbines. We do not expect to sell any of the 1.5MW wind turbines that utilize GE's technology in the United States, Canada or Mexico in the future.

License for 1.5MW Rotor Blade Technology. Mingyang Electrical obtained a non-exclusive license from aerodyn Energiesysteme to manufacture rotor blades for 1.5MW wind turbines in China and to sell these rotor blades under our brand name, under a license agreement with aerodyn Energiesysteme, dated as of June 30, 2007. We are not allowed to sell these rotor blades to continental Europe, North America or South America unless they are sold as a component of our 1.5MW wind turbines. In exchange, Mingyang Electrical would make an upfront royalty payment in the total amount of €325,000. Mingyang Electrical was also required to pay a fixed annual support fee in the amount of €50,000 for the first production facility for services received from aerodyn Energiesysteme for each of the first three years from the production of such licensed rotor blades. After the three-year period, upon the request for additional services, Mingyang Electrical would be charged an annual support fee in the amount of €50,000 for first rotor blade mold, €36,870 for a second mold and €18,435 for each additional mold used in production. This agreement is automatically renewed on a yearly basis unless earlier terminated by either party but not earlier than the third anniversary of the receipt of the first certification report issued by authoritative certification institute. Aerodyn Energiesysteme issued the 1.5MW rotor blade test evaluation in October 2008. Mingyang Electrical transferred its rights and obligations under this license agreement to us on November 16, 2009.

License for the SCD Technology. We have obtained exclusive license rights from aerodyn Asia to manufacture and distribute 2.5/3.0MW SCD wind turbines and 6.0MW SCD wind turbines in China, under a license agreement dated July 28, 2008 and as supplemented on January 18, 2009. Under a supplemental agreement signed in July 2010, we were also allowed to distribute 2.5/3.0MW SCD wind turbines in the states of the American continent, subject to the consent of aerodyn Asia on a project-by-project basis. Aerodyn Asia has been delivering us the licensed technologies, including drawings, specifications and manuals, for us to build the first 2.5/3.0MW SCD wind turbine prototype. We completed our first 2.5/3.0MW SCD wind turbine prototype in May 2010 and delivered and installed it in a tidal flat area in Rudong, Jiangsu Province in August 2010, which was connected to the grid at the end of 2010. We agreed to pay an initial licensing fee in installments in the total amount of €7.0 million and €12.0 million for the licensed technologies of 2.5/3.0MW SCD wind turbine and 6.0MW SCD wind turbine, respectively. We also delivered and installed a SCD 3.0MW prototype to Xinjiang Uyghur Autonomous Region in November 2010. In addition, the major components for 6.0MW SCD wind turbine prototype have been ordered. We have completed the in-house testing and have commenced the assembly for the gearbox.

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We are also required to make ongoing royalty payments for each unit of SCD wind turbine we sell, excluding the prototype, as follows:

<u>Number of Units We Sell</u>	<u>Royalties</u>	<u>Minimum Royalty Payment</u>
First 100 units	2% of sales price	No less than €16,000 per MW
Next 400 units	1.5% of sales price	No less than €12,000 per MW
Next 500 units	1 % of sales price	No less than €8,000 per MW
After 1,000 units	0.5% of sales price	No less than €4,000 per MW

These annual royalty payments are subject to a minimum advance payment, in the amount mutually agreed by aerodyn Asia and us prior to the commencement of production of our SCD wind turbines. Under the license agreement with aerodyn Asia, we are generally prohibited from manufacturing or distributing the SCD wind turbines outside of China without consent from aerodyn Asia, subject to certain exceptions. The exclusivity of the license for the 2.5/3.0MW SCD wind turbines and 6.0MW SCD wind turbines will expire on January 1, 2016 and January 1, 2019, respectively, at which time these licenses will become non-exclusive. Under a supplementary agreement we entered into with aerodyn Asia in July 2010, aerodyn Asia agreed to provide us with written consent for the installation of 2.5/3.0MW SCD wind turbines for offshore wind farm projects outside of China on a project-by-project basis. In addition, we are prohibited from developing, manufacturing or distributing wind turbines within the same rated power capacity of 2.5MW/3.0MW and 6.0MW by utilizing similar technologies and design principles under the license agreement outside of China until ten years after the termination of the agreement. We have the option to terminate this license agreement by making a one-time payment. Aerodyn Asia cannot terminate this license agreement without cause.

Trademark Licenses from Mingyang Electrical. We entered into an exclusive trademark license agreement with Mingyang Electrical for us to benefit from its strong brand recognition in China. Under the trademark license agreement dated January 18, 2010, we license from Mingyang Electrical the right to use its brand name and logo of Mingyang Electrical from January 18, 2010 to November 27, 2019 for an annual fee of RMB5,000.

In addition, Mingyang Electrical obtained a new trademark of the brand name and logo of Mingyang Wind Power from the national Trademark Office in May 2011. We entered into a trademark license agreement with Mingyang Electrical in April 2010 to exclusively use this new trademark for a term of ten years, from the date of official grant of this trademark. We agreed to pay Mingyang Electrical an annual fee of RMB5,000 under the license agreement.

Competition

The Chinese wind power equipment industry is intensely competitive, rapidly evolving and highly fragmented. We expect the competition to further intensify as new players enter the market including some of our customers. We currently compete with both domestic and international wind turbine manufacturers. Our major domestic competitors include Sinovel, Goldwind, Dongfang Electric and United Power. Our key international competitors in China include Vestas from Denmark, Gamesa Corporación Tecnológica S.A. from Spain and GE Energy, the alternative energy arm of GE from the United States.

In addition, the wind power industry also faces competition from conventional and non-wind power alternative energy technologies.

Environmental Matters and Safety

Our operations are subject to regulation and periodic inspections and monitoring by local environmental protection authorities. The Chinese national and local environmental laws and regulations impose fees for the discharge of waste substances above prescribed levels, require the payment of fines for serious violations and provide that the Chinese national and local governments may at their own discretion close or suspend the operation of any facility that fails to comply with orders requiring it to cease or remedy operations causing environmental damage.

The most significant environmental contaminant we generate is the glass fiber dust from the cutting and polishing of the rotor blades. The glass fiber is low-toxic but may cause irritation or allergy to skin or respiratory tract. We have installed pressurized vacuums in our blade facilities to collect the dust and contracted third party waste management companies to collect and dispose such dust periodically. We and our subsidiaries have not been subject to any other fines, suspension orders or other administrative actions from the environmental authorities since 2010 up to the date of this annual report, and we believe that we are currently in compliance with all applicable environmental regulations and standards in all material respects and have all environmental permits necessary to conduct our business. We are not aware of any pending or threatened environmental investigation, proceeding or action by any governmental agency or other third-party.

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Efforts have been made to improve the general safety standards in our production facilities. All of our production facilities in China have adopted policies and taken protective measures to reduce health and safety risks and prevent workplace hazards. We require that our employees comply with such requirements and also provide periodic trainings. To date, our production facilities have not encountered any material unplanned work stoppages due to health and safety issues. We have complied with the applicable PRC laws and regulations on health and safety, including Production Safety Law, Industrial Disease Prevention Law, Fire Protection Law and Labor Union Law of the PRC and other relevant administrative regulations issued by the local governments in the regions where we operate. To date, we have not been subject to any material fines, orders or administrative actions involving non-compliance with these laws and regulations relating to any of our existing facilities.

Insurance

We require the third-party transportation companies we engaged to maintain insurance policies with respect to inland transit risks for our products. We do not maintain key-man life insurance for our executive officers. We do not have product liability insurance coverage to cover bodily injuries and property damages caused by the products we sold, supplied or distributed. We do not carry liability insurance that extends coverage to all potential liabilities that may arise in the ordinary course of our business, and we do not maintain any insurance coverage for business interruption due to the limited coverage of any business interruption insurance in China. We maintain directors' and officers' liability insurance for our directors and officers.

We consider our insurance coverage to be adequate and in line with other wind power manufacturers in China. However, significant uninsured damage to any of our production facilities, office buildings or other assets, whether as a result of fire or other causes, could have a material and adverse effect on our results of operations.

In March 2011, we purchased an insurance policy covering the expenses and losses we may incur resulting from any product deficiency of our wind turbines. The one-year term insurance policy, which expired in March 2012, covered a batch of 518 units of our wind turbines. The total amount we obtained from claims brought under this insurance policy during the insurance period was approximately RMB8.3 million. Since March 2012, we have not maintained any similar insurance policy. Even if we obtain such insurance, it may not be able to sufficiently cover all of our wind turbines that have been delivered and connected to the grid, nor can we assure you that we will obtain enough insurance proceeds to cover all kinds of expenses we may incur resulting from any product deficiency.

Regulations

We operate our business in the PRC under a legal regime consisting of the State Council and several ministries and agencies under its authority, including the PRC Ministry of Commerce, or MOFCOM, the State Administration for Industry and Commerce, or the SAIC, SAFE, the NDRC, the Ministry of Environmental Protection, or the MEP, the State Administration of Taxation, or the SAT, and the State Energy Bureau, or the SEB. From time to time, the State Council, MOFCOM, the SAIC, SAFE, the NDRC, the MEP, the SAT and the SEB issue regulations that apply to our business. Certain of these rules and regulations, such as those relating to tax, foreign investment, foreign currency exchange, dividend distribution, and regulation of foreign exchange in certain onshore and offshore transactions, may affect our shareholders' rights to receive dividends and other distributions from us.

Laws and Regulations Promoting the Development of the Renewable Energy Industry

Renewable Energy Law and Regulations

According to *Renewable Energy Law*, which became effective on January 1, 2006, the renewable energy industry, which includes the wind power industry, is subject to regulations of the national energy authority. Pursuant to the *Renewable Energy Law*, the PRC government encourages the development and utilization of renewable energy resources, including the funding of scientific and technological research in renewable energy applications and the industrialization of the renewable energy industry. The *Renewable Energy Law* also authorizes the relevant pricing authorities to set on-grid tariffs in order to promote renewable energy utilization and to adjust such tariffs in accordance with improvements in renewable energy technologies. In addition, grid enterprises are required to enter into grid connection agreements with power producers that have legally obtained administrative licenses or for which a filing has been made, and are required to buy all of the grid-connected electricity generated from renewable energy within the coverage of their power grid. *Renewable Energy Law* was amended on December 26, 2009 and the amendment became effective on April 1, 2010.

Law of the People's Republic of China on Conserving Energy implemented in April 1, 2008 made energy conservation a long-term strategic direction for China's economic development, and reiterated the State's encouragement of the development and utilization of new energy and renewable energy.

The NDRC has promulgated, separately or jointly with other government ministries or agencies, a series of regulations governing the renewable energy industry. Under the *Relevant Provisions for the Administration of the Generation of Electricity by Renewable Energy*, which was promulgated on January 5, 2006, the NDRC has authority over the planning of renewable energy projects, the setting of renewable energy policies and the administration of renewable energy projects that require governmental approval. Pursuant to these regulations, wind farms with installed capacity of over 50MW shall be examined and approved by the NDRC and grid operators are required to ensure all of the renewable energy power producers are connected to their power grid.

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The NDRC issued the *Guidance Catalog for the Development of the Renewable Energy Industry*, or the Guidance Catalog, on November 29, 2005 to guide policy, research and investment in support of the wind power industry. Financial institutions may provide preferential loans with interest subsidies for the development of certain renewable energy projects listed in the Guidance Catalog if certain credit conditions are met in accordance with the *Renewable Energy Law*.

Support for Wind Power Generation

China has adopted the policy of encouraging and supporting wind power generation. The *Electric Power Law of the PRC* implemented in 1996 and amended in August 2001 set out the State's encouragement and support on the utilization of renewable energy and clean energy, including wind energy, for power generation. The newly-revised *Law of the PRC on the Prevention and Control of Atmospheric Pollution* promulgated in 2000 also encouraged the development and utilization of clean energy such as solar, wind and water energy.

Pursuant to the *Notice on Certain Opinions Regarding Further Promotion of the Development of Wind Power Generation* issued by State Economic and Trade Commission on December 22, 1999, wind power generation projects using domestic facilities will be given priority such as grid connection. The PRC Government has also introduced various policies and measures to encourage wind power generation. For instance, the *Guidelines of Speeding Up Localization of Wind Turbines* promulgated by the State Economic and Trade Commission on February 12, 2000 set out the PRC Government's support, in terms of preferential policies and funding, to qualified wind farms using domestic wind turbine technologies and facilities. Meanwhile, with a view to facilitating localization, the PRC Government also encourages foreign investors to co-develop technologies and facilities with domestic manufacturers for wind power generation.

Pursuant to the *Decision of the State Council on Matters Concerning Administrative Approval Items to Be Cancelled and Delegated to Lower Levels* on May 15, 2013, wind power projects' approval was by NDRC, now change into local government investment department to approve.

Pursuant to the *Notice of NRDC of Wind Power Equipment Industry Development Opinions* on December 23, 2010, and the Circular of the Ministry of Science and Technology on Wind Power Generation Technology Development for the 12th Five-Year Plan on March 27, 2012, governments especially encourage the construction of outsize wind farm and wind power development in the sea, and will provide all aspects of talent training and international cooperation.

Project Approval, Product Categorization and Project Requirements

The State Council promulgated the *Decision of the State Council on Investment System Reform* on July 16, 2004 and amended on December 2, 2013, which provides that wind farms must be approved by the local governments. The approval procedures and conditions applicable to wind power projects are implemented pursuant to the *Interim Measures on the Examination and Approval of Enterprises' Investment Projects* issued by NDRC on September 15, 2004. The ease and length of these approval procedures have a direct effect on the rate of wind farm development in the PRC, as well as the overall number of wind farms to be developed, therefore affecting the market demand for our products.

On June 1, 2011, the NDRC promulgated the *Guidance Catalog for Adjustment of the Industrial Structure (2011)*, or the Catalog, which serves as an important guideline for the government's investment direction, management of investment projects and formulation and implementation of policies regarding finance and tax, credit, land and import/export. The Catalog encourages the development and utilization of renewable energy including wind power generation.

In addition, up to 18 new industrial standard technical norms issued by the National Energy Administration came into effect on November 1, 2011, including the *Design Regulations for Large-scale Wind Power Connecting to the Grid*, which provide detailed technical requirements for wind farms and wind turbines with a minimum power output capacity. In particular, these new regulations, for the first time, explicitly require that new wind farms and wind turbines to be connected to the grid shall have the LVRT capabilities.

The state administration of quality supervision, inspection and quarantine, the national standardization management committee also approves the small wind turbine design requirements on March 20, 2013.

Wind Power Generation Capacity Policy

Pursuant to the *Renewable Energy Law*, the national energy authority is tasked with drafting medium to long-term targets for renewable energy output. Under the NDRC Plan, the PRC government aims to achieve 11.4% renewable energy consumption as a percentage of total energy consumption by 2015 and 15% by 2020, an increase from 7.5% in 2005.

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In March 2008, the NDRC issued the *Renewable Energy Development Plan for the 11th Five-Year Plan* and raised the 2010 target for total installed wind power capacity from 1GW to 10GW. In accordance with the *11th Five-Year Plan*, annual domestic production capacity for wind turbines and components is set to reach 5GW and 8GW, respectively. In August 2012, the NDRC issued the *Renewable Energy Development Plan for the 12th Five-Year Plan*, which reaffirmed the strategic development of wind power industry in China. The target total installed wind power capacity is 10GW by 2015 and 20GW by 2020, respectively. In particular, giga-watt class wind farms are expected to be built in regions with rich wind resources, including, among other regions, a number of the provinces in which our customers' projects are located, such as Inner Mongolia, Hebei Province, Jilin Province and Jiangsu Province.

Other Wind Power Electricity Industry Regulations

In November 2006, the NDRC and the Ministry of Finance jointly issued the *Implementation Opinion on the Development of the Wind Power Industry*. This opinion specifies certain measures to be taken by the PRC government to support the development of the wind power industry, including investigating and evaluating wind power sites, establishing national criteria for wind power equipment and equipment testing, encouraging research on wind power technology, supporting the industrialization of wind power, adapting the electric power grid to wind-powered electrical generation, and strengthening the management of wind farms. The PRC government's target is to complete the total installed wind power capacity of 15GW by 2015 and 20GW by 2020, according to the *Renewable Energy Development Plan for the 12th Five-Year Plan* issued by the NDRC, to establish the national standards for wind power industry and testing mechanism in order to foster the wind power enterprises which have their own intellectual property rights.

On September 29, 2009, the NDRC and nine other government authorities issued the NDRC Opinions, which indicate that the expansion of the wind power equipment industry should be strictly controlled while the better qualified manufacturers are encouraged to become bigger and stronger. The NDRC Opinions emphasize that government should optimize the industry structure and maintain the market order. In principle, the establishment of new wind power equipment manufacturing facilities and expansion of existing equipment manufacturing facilities will no longer be approved or filed. The requirement imposed by local authorities during the bidding process to use local wind power equipment or to build wind power equipment production capacity locally is strictly prohibited. The government will establish and improve the standards of wind power equipment and product testing system, and forbid products utilizing outdated technology or products of unapproved manufacturers from entering the market. Furthermore, a new or expansion wind power equipment manufacturing project needs to be pre-approved by the NDRC under the NDRC Opinions. However, as detailed implementation rules under the NDRC Opinions have not yet all been promulgated, it is unclear what requirements must be met and how long it will take the NDRC to approve a new or expansion project of the wind power manufacturing facility. We will need to seek pre-approval from the NDRC if we plan to further expand our production capacity and will likely be required to comply with more stringent industrial requirements.

Environmental Regulations

As a manufacturing company, the most significant environmental contaminant we generate is the glass fiber dust from the cutting and polishing of the rotor blades. The major environmental regulations applicable to our business activities in the PRC include *Environmental Protection Law of the PRC*, *Law on the Prevention and Control of Water Pollution*, *Implementation Rules of The Law on the Prevention and Control of Water Pollution*, *Law on the Prevention and Control of Air Pollution*, *Implementation Rules of The Law on the Prevention and Control of Air Pollution*, *Law on the Prevention and Control of Solid Waste Pollution*, *Law on the Prevention and Control of Noise Pollution*, and *Law of the PRC on Appraisal of Environment Impacts*.

Under these laws and regulations, we are required to perform relevant on-going procedures, including evaluation or assessment, inspection and supervision, in order to comply with environmental laws and regulations.

Regulations on Foreign Investments

The principal regulation governing foreign ownership of wind power electricity businesses in the PRC is *The Foreign Investment Industrial Guidance Catalog (2011)*, which became effective as of January 30, 2012. Under this regulation, foreign investment in enterprises manufacturing 2.5MW wind turbines is listed as an encouraged activity. However, foreign investment is not limited to equity investments in or contractual joint ventures with domestic companies for the manufacturing 1.5MW wind turbines and/or the above.

Equity Joint Ventures

Guangdong Mingyang is subject to certain PRC laws and regulations governing Sino-foreign joint ventures. Foreign investment in the PRC in the form of equity joint ventures is primarily governed by the following laws and regulations:

- The Company Law (1993), as amended;

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- Law on Sino-Foreign Equity Joint Venture Enterprises (1979), as amended; and
- Rules on Implementation of the Law on Sino-Foreign Equity Joint Venture Enterprises (1983), as amended.

An equity joint venture is a limited liability company under PRC law and its establishment is subject to the approval of the MOFCOM or its authorized local counterpart where such equity joint venture is located. The board of directors is the highest authority of an equity joint venture and has the power to decide all matters important to the equity joint venture. Each director is appointed for a term of three years and may serve consecutive terms if appointed by the party by which he or she was originally appointed. Each director may be removed by its appointing party, at any time, with or without cause and may be replaced by a nominee appointed by such party before the expiration of such director's term of office.

Resolutions of the board of directors of an equity joint venture involving any matters may be adopted by the affirmative vote of a simple majority of all directors present in person or by proxy at a meeting of the board, except that resolutions involving the following matters require a unanimous approval of all directors present in person or by proxy at the meeting of the board:

- amendment to the articles of association of the equity joint venture;
- merger of the equity joint venture with another entity;
- division of the equity joint venture;
- termination or dissolution of the equity joint venture; and
- increase, reduction or transfer of the registered capital of the equity joint venture.

Tendering and Bidding

Some of our products will be sold through a tender or competitive bidding process. Tender and bidding are governed by the *Invitation and Submission of Bids Law of The People's Republic of China*, or the Invitation and Submission of Bids Law, which was promulgated on August 30, 1999 and came into force as of January 1, 2000. According to the Invitation and Submission of Bids Law, the following construction projects undertaken within the territory of the PRC shall be subject to the bid invitation, including the survey, design, construction and supervision of such projects as well as the purchase of core equipment and materials related to such projects: (1) projects with a bearing upon the public interest and public safety such as large-scale infrastructure projects, public utility projects, etc.; (2) projects totally or partially funded by the investment of State-owned funds or financed by the State; (3) projects using loans or aid funds from international organizations or foreign governments. A bidder shall prepare its bid documents according to the requirements of the bid invitation documents. The bid documents shall respond to the substantive requirements and conditions put forward in the bid invitation documents. The winning bidder shall be determined by the written bid evaluation report and the recommendation by the bid evaluation committee. Alternatively, the winning bidder may be determined directly by the bid evaluation committee through the authorization of the bid inviter.

Taxation

Enterprise Income Tax Law

See "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation."

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Value-added Tax

Pursuant to the *Provisional Regulation of China on Value-added Tax* and the implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in the PRC are generally required to pay value-added tax at a rate of 17.0% of the gross sales proceeds received, less any deductible value-added tax already paid or borne by the taxpayer. In addition, when exporting goods, the exporter is entitled to an exemption, partial or full refund of value-added tax that it has already paid or borne. Guangdong Mingyang exported wind turbines and rotor blades to overseas markets in 2013 and was exempted from the 17.0% value-added tax in connection with such exported products.

Labor

The PRC *Employment Contract Law* that became effective on January 1, 2008 and amended on December 28, 2012 clarifies the responsibilities of both employers and employees and codifies certain basic rights of employees and provided protections to employees. The *PRC Employment Contract Law* provides, among other things; that: (i) a written agreement must be signed between the employer and employee from the beginning of the employment, or one month after the date when the employee starts to work; (ii) two parties to a part-time job may enter into an oral agreement, either of the parties to part-time job may terminate the employment by notice to the other party at any time and no severance compensation shall be payable by the employer to the employee upon the termination of a part-time job; (iii) after completing two fixed-term employment contracts, an employee that desires to continue working for an employer is entitled to require a non-fixed-term employment contract, and in addition, employees who have been employed for more than ten years by the same employer are entitled to require a non-fixed-term contract; (iv) an employer may stipulate only one probation period with any given employee and no probation period may be specified in an employment contract with a term to expire upon completion of a certain job or an employment contract with a term of less than three months; (v) hiring employees through human resources outsourcing firms or labor agencies is limited to temporary, auxiliary or substitute positions and an employer may be held jointly liable for any damages to its employees caused by its human resources outsourcing firm or labor agent if it hires such employees through these entities; and (vi) a draft of any collective contract must be presented to the labor union or all employees for discussion and approval and a collective contract must be entered into by the trade union, on behalf of the enterprise's employees, and the employer.

In addition, under the *Regulations on Paid Annual Leave for Employees*, which became effective on January 1, 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated with an amount equal to three times their normal daily salaries for each vacation day being waived.

According to the *Regulation of Insurance for Labor Injury*, which was promulgated by the State Council on January 1, 2004 and amended on January 1, 2011, enterprises shall purchase work-related injury insurance and pay work-related injury insurance premiums for all their employees.

Foreign Currency Exchange

Foreign currency exchange in the PRC is primarily governed by the following rules:

- Foreign Currency Administration Rule (1996), as amended; and
- Administration Rule of the Settlement, Sale and Payment of Foreign Exchange (1996).

Under the *Foreign Currency Administration Rule*, the Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loans, security investments and repatriation of investments, however, is still subject to the approval of, or the registration with SAFE, or its local branches.

Pursuant to the above-mentioned administrative rules, foreign-invested enterprises, such as Guangdong Mingyang, may buy, sell or remit foreign currencies for current-account transactions at banks in the PRC with authority to conduct foreign exchange business by complying with certain procedural requirements, such as presentment of valid commercial documents. As disclosed, for most capital-account transactions, approval from SAFE is a pre-condition.

Dividend Distribution

Distribution of dividends is regulated in the PRC. Sino-foreign equity joint venture enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC Generally Accepted Accounting Principles, or PRC GAAP. Additionally, these foreign-invested enterprises may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the enterprises' registered capital. The board of directors of a Sino-foreign equity joint venture enterprise has the discretion to allocate a portion of its after-tax profits to reserve funds, employee bonus and welfare funds and enterprise development funds, which may not be distributed to equity owners as dividends. Under the Sino-Foreign Equity Joint Venture Law and the Implementation Rules for the *Sino-Foreign Equity Joint Venture Law*, Guangdong Mingyang may distribute dividends to shareholders only out of after-tax income, net of any payments into the reserve funds, employee bonus and welfare funds and enterprise development funds, as decided by the board in accordance with its joint venture contract and articles of association.

Under the *Foreign Exchange Administration Rules* and the *Regulations on Foreign Currency Transactions*, Guangdong Mingyang must obtain a tax clearance before it can remit dividends abroad. Moreover, Guangdong Mingyang may not distribute any dividends if the company has "uncompensated losses" accumulating from prior years, as calculated under PRC GAAP.

Regulation of Foreign Exchange in Certain Onshore and Offshore Transactions

SAFE Circular 75

In October 2005, SAFE issued the *Notice on Issues Relating to the Administration of Foreign Exchange in Financing and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies*, or SAFE Circular 75, which became effective as of November 1, 2005.

SAFE Circular 75 suspends the implementation of two prior regulations promulgated in January and April of 2005 by SAFE. SAFE Circular 75 states that PRC residents, whether natural or legal persons, must register with the relevant local SAFE branch prior to establishing or taking control of an offshore entity established for the purpose of overseas equity financing involving onshore assets or equity interests held by them. The term "Chinese legal person residents" as used in the SAFE Circular 75 refers to those entities with legal person status or other economic organizations established within the territory of the PRC. The term "Chinese natural person residents" as used in the SAFE Circular 75 includes all Chinese citizens and all other natural persons, including foreigners, who habitually reside in the PRC for economic benefit. SAFE has issued guidance to its local branches regarding the operational procedures for such registration, which provides more specific and stringent requirements on the registration relating to SAFE Circular 75. The Procedure Manual of SAFE Circular 75 issued on May 29, 2007, or the SAFE Circular 106, further explains that the above definition of foreigners with habitual residence in the PRC for economic benefit includes: (i) those natural persons who are habitual residents in the PRC but who have left temporarily for travel, study, hospitalization or work, but who shall return to their residence in the PRC; (ii) those natural persons who hold any interests in domestic entities which are classified as "domestic financed" interests; (iii) those natural persons who hold interests in domestic entities which were originally classified as "domestic financed" interests but have subsequently been classified as "foreign financed" interests. The most recent *Notice of SAFE on Printing and Distributing the Implementing Rules for the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies*, or Circular 19, which became effective in July 2011, imposes obligations on onshore subsidiaries of the offshore special purpose company to coordinate with and supervise the beneficial owners of the offshore entity who are PRC citizens or residents to complete the SAFE registration process. If the beneficial owners fail to comply, the onshore subsidiaries are required to report the noncompliance to the local branch of SAFE.

Chinese residents are required to complete amended registrations with the local SAFE branch upon (i) injection of equity interests or assets of an onshore enterprise to the offshore entity, or (ii) subsequent overseas equity financing by such offshore entity. Chinese residents are also required to complete amended registrations or filing with the local SAFE branch within 30 days of any material change in the shareholding or capital of the offshore entity, such as changes in share capital, share transfers and long-term equity or debt investments, and providing a security interest. Chinese residents who have already incorporated or gained control of offshore entities that have made onshore investment in the PRC before SAFE Circular 75 was promulgated must register their shareholding in the offshore entities with the local SAFE branch on or before March 31, 2006.

Under SAFE Circular 75 and related regulations, Chinese residents are further required to repatriate back into China all of their dividends, profits or capital gains obtain from their shareholdings in the offshore entity within 180 days of their receipt of such dividends, profits or capital gains. The registration and filing procedures under SAFE Circular 75 and related regulations are prerequisites for other approval and registration procedures necessary for capital inflow from the offshore entity, such as inbound investments or shareholders loans, or capital outflow to the offshore entity, such as the payment of profits or dividends, liquidating distributions, equity sale proceeds, or the return of funds upon a capital reduction.

Employee Stock Option Plans

On December 25, 2006, the People’s Bank of China promulgated the *Administrative Measures for Individual Foreign Exchange*, setting forth the requirements for foreign exchange transactions by individuals (both PRC and non-PRC citizens) under the current account and the capital account. On January 5, 2007, SAFE issued the *Implementation Rules of the Administrative Measures for Individual Foreign Exchange*, or the Individual Foreign Exchange Rule, which, among other things, specifies approval requirements for a PRC citizen’s participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On February 15, 2012, SAFE issued the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company*, or the Stock Incentive Plan Rules, which replaced the *Processing Guidance on Foreign Exchange Administration of Domestic Individuals Participating in the Employee Stock Ownership Plans or Stock Option Plans of Overseas-Listed Companies* issued by SAFE on March 28, 2007. According to the Stock Incentive Plan Rules, if “domestic individuals” (both PRC residents and non-PRC residents who reside in the PRC for a continuous period of not less than one year, excluding the foreign diplomatic personnel and representatives of international organizations) participate in any stock incentive plan of an overseas listed company, a qualified PRC domestic agent, which could be the PRC subsidiaries of such overseas listed company, shall, among other things, file, on behalf of such individual, an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan, and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the stock purchase or stock option exercise. Such PRC individuals’ foreign exchange income received from the sale of stocks and dividends distributed by the overseas listed company and any other income shall be fully remitted into a collective foreign currency account in the PRC opened and managed by the PRC domestic agent before distribution to such individuals.

Our employees, who are “domestic individuals” and have been granted share options, or PRC optionees, became subject to the Stock Incentive Plan Rules when our company became an overseas listed company upon the completion of our initial public offering. Failure of our option holders who are PRC citizens to complete their SAFE registrations may subject them to fines and legal sanctions and may also limit the ability of us to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary’s ability to distribute dividends. However, we cannot assure you that each of the above optionees will fully comply with the Individual Foreign Exchange Rule and Stock Incentive Plan Rules.

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C. Organizational Structure

The following diagram illustrates our corporate structure and the place of organization of each of our subsidiaries as of the date of this annual report.

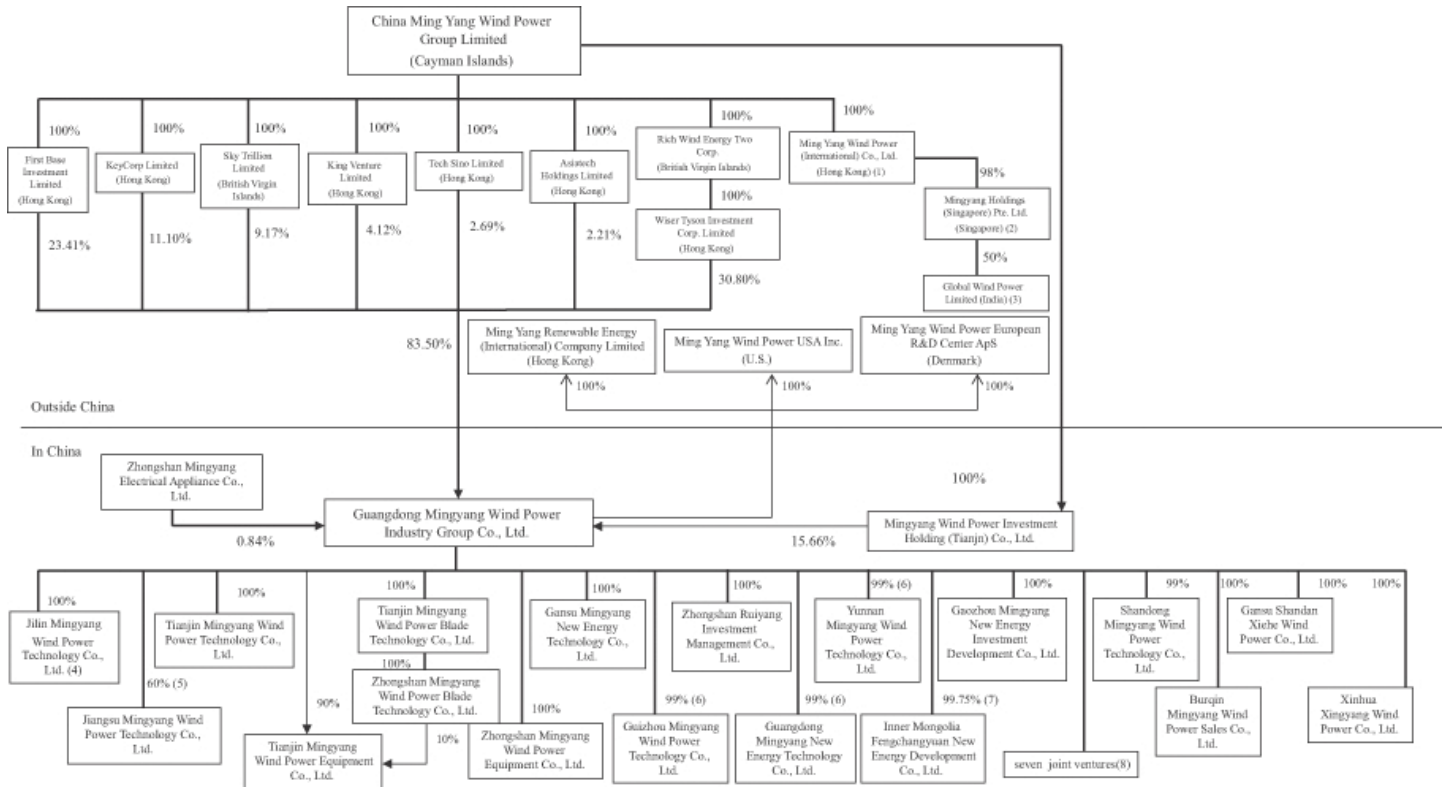


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- (1) Ming Yang Wind Power (International) Co., Limited holds 66.7% equity interest in M.W. Wind Power EOOD, a Bulgarian company, which currently has two wholly owned subsidiaries, namely W. Power EOOD and W. Power-2 EOOD.
- (2) The remaining 2% equity interest in Mingyang Holdings (Singapore) Ptd. Ltd. is held under the names of two third parties on trust for Mingyang International in order to meet the local requirements in Singapore. As such, Mingyang International has effectively in aggregate holds 100% equity interest in Mingyang Singapore.
- (3) The remaining 50% equity interest in GWPL is held by seven shareholders that are not related to us. GWPL currently has three wholly owned subsidiaries, namely Global Wind Infrastructure and Services Private Limited, Ashban Company Limited and Global Wind Power Italy S.R.L.
- (4) Jilin Mingyang currently has five wholly owned subsidiaries, namely Baicheng Mingyang New Energy Equipment Co., Ltd., Taonan Mingyang New Energy Equipment Co., Ltd., Da'an Mingyang New Energy Equipment Co., Ltd., Shuangliao Mingyang New Energy Equipment Co., Ltd. and Ming Yang Renewable (HK) Co., Limited.
- (5) The remaining 40% equity interest in Jiangsu Mingyang Wind Power Technology Co., Ltd., or Jiangsu Mingyang, is held by Jiangsu DiAo Investment Co., Ltd., an independent third party.
- (6) The remaining 1% equity interest is held by Zhongshan Blade.
- (7) The remaining 0.25% equity interest is held by Zhongshan Blade.
- (8) Seven joint ventures include Daqing Zhongdan Ruihao Wind Power Generating Co., Ltd., or Zhongdan Ruihao, Daqing Dumeng Hujitumo Wind Power Co., Ltd., or Daqing Dumeng, Xinjiang Wanbang Energy Development Co., Ltd., or Xinjing Wanbang, Daqing Dumeng Dairy Farm Wind Power Co., Ltd., or Daqing Dairy Farm, Inner Mongolia Mingyang Wind Power Co., Ltd., or Inner Mongolia Wind Power, Daqing Dumeng Huzhen Dairy Farm Wind Power Co., Ltd., or Huzhen Dairy Farm, and Datang Gongcheng New Energy Co., Ltd., or Datang Gongcheng. We invested in the joint ventures to perform our obligations under our EPC arrangements.

We conduct the majority of our operations through our key operating subsidiaries in the PRC as follows:

- We design, manufacture, sell and service our wind turbines primarily through Guangdong Mingyang, Jilin Mingyang and Yunnan Mingyang;
- We develop and manufacture rotor blades primarily at Tianjin Blade and Zhongshan Blade; and
- We manufacture and assemble wind turbines primarily at Tianjin Mingyang Wind Power Equipment Co., Ltd.

We own 99.16% of the equity interest in Guangdong Mingyang through several intermediate holding companies, namely:

- First Base, a wholly owned holding company incorporated in Hong Kong;
- Keycorp, a wholly owned holding company incorporated in Hong Kong;
- Sky Trillion, a wholly owned holding company incorporated in the British Virgin Islands;
- King Venture, a wholly owned holding company incorporated in Hong Kong;
- Tech Sino, a wholly owned holding company incorporated in Hong Kong;
- Asiatech, a wholly owned holding company incorporated in Hong Kong;
- Rich Wind Energy Two, a wholly owned holding company incorporated in the British Virgin Islands, which indirectly holds its interest in Guangdong Mingyang through Tyson, its wholly owned holding company incorporated in Hong Kong; and
- Mingyang Wind Power Investment Holding (Tianjin) Co., Ltd., a wholly owned holding company incorporated in Tianjin in October 2010, which currently owns 15.66% equity interest in Guangdong Mingyang.

The remaining 0.84% is held by Mingyang Electrical, a company incorporated under the laws of the PRC and controlled by Mr. Chuanwei Zhang, our founder, chairman and chief executive officer, due to then PRC regulations prohibiting wholly foreign owned companies in the industry in which Guangdong Mingyang operate. However, a new Catalog of Guidance of Foreign Investment Industry was effective on January 30, 2012 (the "2012 Catalog"), which no longer imposes restrictions on foreign ownership in the wind power industry.

D. Property, Plant and Equipment

We are headquartered in Zhongshan, Guangdong Province and have production facilities in Zhongshan, Guangdong Province; Jilin, Jilin Province; Tianjin; Rudong, Jiangsu Province; Ulanqab, Inner Mongolia; Dali, Yunnan Province; Guiyang, Guizhou Province; Jiuquan, Gansu Province; and Hami, Xinjiang Uyghur Autonomous Region.

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- Zhongshan, Guangdong Province: In 2010, we leased an aggregate floor area of approximately 16,000 square meters for wind turbine assembly, rotor blade manufacturing and administrative activities from Mingyang Electrical, a related party. Mingyang Electrical transferred its land use rights with respect to such facility to Zhongshan Ruiyang, which we acquired 100% equity interest in 2011. As such, we currently owned the land use rights and the associated facilities. We, through Zhongshan Mingyang Wind Power Equipment Co., Ltd., a subsidiary we acquired in January 2010, also have the land use rights, which expire in 2048, to a parcel of land with an aggregate area of approximately 32,000 square meters, on which we have built a facility with an estimated aggregate floor area of approximately 7,800 square meters for wind turbine manufacturing. We have an additional assembly stations for our 2.5/3.0MW SCD wind turbines in Zhongshan and obtained the land use right in November 2010, which expire in 2048, to a parcel of land with an aggregate area of approximately 26,805 square meters. In December 2011, we, through Guangdong Mingyang, obtained a land use right to one parcel of land with an aggregate area of approximately 312,187 square meters. The land use right will expire in October 2061. As such, we currently own all the land use rights and the associated facilities located in Zhongshan.
- Tianjin: We entered into two agreements to lease from Tianjin Technology for a facility with an aggregate gross floor area of approximately 25,000 square meters for a term of two years starting from January 2010 and an aggregate gross floor area of approximately 29,000 square meters for a term of two years starting from June 2010, respectively. We have acquired the remaining equity interest in Tianjin Technology from Tianjin Jinneng and as a result, Tianjin Technology has become a wholly owned subsidiary of us. As such, we currently own the land use rights with respect to the facilities currently held by Tianjin Technology.
- Jilin, Jilin Province: We obtained the land use right to one parcel of land with a site area of approximately 48,000 square meters. These land use right expire in December 2056. We have obtained property rights certificates for the facilities and ancillary buildings on these properties which have an estimated aggregate floor area of approximately 11,700 square meters. We have a new facility for the manufacture of rotor blades in Jilin, which has an aggregate floor area of 11,000 square meters.
- Rudong, Jiangsu Province: We obtained land use rights to four parcels of land with an aggregate area of 80,000 square meters. The land use rights expire in 2060 and 2061, respectively. Our Rudong facility commenced commercial production in September 2011 and has an aggregate floor area of 33,000 square meters.
- Ulanqab, Inner Mongolia: We obtained land use rights to a parcel of land with an aggregate area of approximately 116,401 square meters. Our Inner Mongolia facility commenced commercial production in June 2011 and has an aggregate floor area of 9,931 square meters. The land use rights expire in October 2061.
- Dali, Yunnan Province: We entered into a lease agreement to lease from an independent third party for a facility with an aggregate gross floor area of approximately 30,000 square meters in June 2012. The lease agreement has a term of three years.
- Guiyang, Guizhou Province: We, through Guizhou Mingyang Wind Power Technology Co., Ltd., obtained land use rights to a parcel of land with an aggregate area of approximately 165,333 square meters. The land use rights expire in July 2062. We are currently establishing our facilities in Guiyang.
- Jiuquan, Gansu Province: We, through Gansu Mingyang New Energy Technology Co., Ltd., leased from an independent third party approximately 7,100 square meters for blade production. The facility was commenced production in October 2013 and the lease expires in December 2015.
- Hami, Xinjiang Uyghur Autonomous Region: We, through Gansu Mingyang New Energy Technology Co., Ltd., leased from an independent third party approximately 6,000 square meters for blade production. The facility was commenced production in December 2013 and the lease expires in December 2014.

We ceased production at our Xi'an facility in December 2009 and at our old Tianjin facility in November 2009, respectively, and we relocated these operations to our new facility in Tianjin.

See "Item 4.B. Business Overview — Our Operations — Production Capacity and Geographic Distribution" for more information.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements included elsewhere in this annual report. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" or in other parts of this annual report.

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A. Operating Results

Overview

We are a leading wind turbine manufacturer in China, focusing on designing, manufacturing, selling and servicing megawatt-class wind turbines. We were founded in June 2006 and have since experienced significant growth. As of December 31, 2013, we had entered into sales contracts with 45 end customers to deliver 4,804 units of our wind turbines. We generated a profit in the amount of RMB292.3 million in 2011 and recorded a loss of RMB300.8 million in 2012 and RMB647.4 million (US\$106.9 million) in 2013, respectively.

During the years ended December 31, 2011, 2012 and 2013, wind turbines we delivered and other operating data were as follows:

	2011	2012	2013
Wind turbines we delivered (units)	1,090	472	614
Wind turbines commissioned for which we recognized revenue (units)	980	518	549
Sales of wind turbine (in millions)	RMB5,438.1	RMB2,649.7	RMB2,688.8
Wind turbines we delivered for which we have yet to recognize revenue (units)	197	151	216
Deferred revenue (in millions)	RMB 606.8	RMB 581.2	RMB 817.6

Factors Affecting Our Results of Operations

We believe that the most significant factors that affect our financial performance and results of operations are as follows:

Demand for Renewable Energy and Specifically for Wind Power Energy

Changes in prices of oil, coal, natural gas and other conventional energy sources influence the demand for electricity and for alternative energy sources, including wind power. Our business expansion and revenue growth have depended, and will continue to depend, on demand for renewable energy, specifically wind power energy products and future growth of the wind turbine market which will be affected by the growth of the global and regional economies, the stability of financial markets and the ability of wind turbine manufacturers to further expand production capacity and reduce manufacturing costs.

Wind Turbine Sales to Customers

We began commercial delivery of our wind turbines in May 2008. By delivery, we refer to the arrival of the wind turbine at the customer's designated wind farm and the completion of preliminary inspection and acceptance by the customer. Our sales contracts with customers generally require us to deliver wind turbines to the customers' location, supervise wind turbine installation and conduct related inspection, and provide technical and maintenance support during the warranty period which is typically two to six years.

Consequently, our results of operations have been and will continue to be significantly affected by the number of units of wind turbines we sell and the timing of revenue recognition on such sales in any given period. In addition, since our SCD wind turbines are generally sold at a higher price than conventional 1.5MW wind turbines and we are developing other customized models of wind turbines, we expect changes to our product mix will also affect our results of operations and margins. See "—Critical Accounting Policies—Revenue Recognition" for a detailed discussion of the criteria to be met for our revenue recognition.

Government Policies Affecting the Wind Power Sector

The wind power industry is sensitive to changes, both positive or negative, in government policies relating to this sector. For example, government incentives continue to be one of the main drivers for developing wind energy technology and increasing capacity. Although government support programs differ from country to another, a number of countries have implemented incentive schemes, thus provide various types of subsidies to wind power developers and long-term tariffs. The PRC government has also introduced various policies and measures to encourage wind power generation. Historically, we and our customers have benefited from fiscal benefits applicable to investments in the wind power industry by state and local governments in China. Moreover, electricity generated from wind power is subject to a preferential VAT rate of 8.5% in China, half of the general rate. Changes in these policies have affected, and will continue to affect the investment plans of our customers and us and our business, financial condition and results of operations.

The Decision on Speeding Up the Cultivation and Development of Strategic Emerging Industries was issued by State Council on October 10, 2010, specified certain strategic policies relating to wind power industry, including to enhance the technology advantages of wind power equipment, promote the scalability of wind power and accelerate the construction of grids and operation systems.

On the other hand, to enhance the safety and quality of national power grid, relevant authorities in China have recently implemented stricter industrial standards and requirements for wind power manufacturers and turbines to be connected to the grid. For example, up to 18 new industrial standard technical norms issued by the National Energy Administration came into effect on November 1, 2011. In addition, in December 2011, the National Energy Administration issued new rules requiring newly installed wind turbines approved after January 1, 2011 to obtain a certification proving the low-voltage-ride-through, or LVRT, capabilities. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Industry—Uncertainties and adverse changes in government policies relating to the wind power equipment industry may have an adverse impact on us.” Wind turbine manufacturers are under pressure to upgrade old models and produce new wind turbines subject to this new grid code. We believe that these new rules will require the wind turbine manufacturers to devote increasingly significant efforts and capital resources on research and development, ensuring the quality and efficiency of the wind turbines. In July and December 2011, we obtained testing reports issued by the Wind Power Grid Connection Research and Evaluation Center under the China Electric Power Research Institute, certifying that our MY1.5se model wind turbines had fulfilled LVRT, requirements in accordance with the grid code in China. China Electric Power Research Institute is currently the only authority with a testing facility for LVRT in China, which has limited resources. As a result, we expect it may be increasingly costly for new wind turbines to obtain such LVRT certification. New government or industrial policies providing higher quality standards for wind turbines in the future may subject us to higher costs and greater technical challenges.

Pricing of Wind Turbines

Pricing of our wind turbines is principally affected by the overall demand and supply in the wind power equipment industry and by the average wind turbine manufacturing cost. We price our wind turbines with reference to the prevailing market prices when we enter into sales contracts with our customers, taking into consideration our estimated costs and an appropriate gross profit margin we expect. We also consider the size of the contract, the history and strength of our relationship with the particular customer, raw material and component costs and other factors.

In recent years, the supply of wind turbines has increased significantly as many manufacturers worldwide, including our company, have engaged in significant production capacity expansion. Beginning in late 2008, this increase in supply resulted in the reductions of prevailing market prices of wind turbines. In particular, the prevailing market prices of wind turbines further declined significantly during 2011 due to the intensified competitive economic environment. The average contract selling price for our 1.5MW wind turbines and technical support and maintenance services, excluding value-added taxes, or VAT, on a per kilowatt, or kW, basis, decreased from RMB3,252 per kW in 2011 to RMB3,140 per kW in 2012 and further to RMB 3,124 (US\$516.0) per kW in 2013, based on the sales contracts we entered into in relevant periods. The average contract selling price for our 2.0MW wind turbines in 2013 was RMB3,172 (US\$524.0) per kW.

Prices of Raw Materials and Components and Their Availability

Raw materials and components used in the production of our wind turbines are sourced from domestic suppliers as well as international suppliers, and their prices are dependent on various factors in addition to supply and demand. The fluctuations in prices of such raw materials and components and their availability will affect our operating results. We manufacture rotor blades in-house to ensure quality, adequate and timely supply and to capture the higher margin that we believe is offered by rotor blades manufacturing. We purchase our electrical control systems, pitch control systems and frequency converters, a device that converts and controls the frequency of the electric current, each a key component of our wind turbines, from REnergy, an affiliated entity. Starting from February 2010, we contracted REnergy to supply electrical control cabinets which contain electrical control systems utilizing our proprietary technologies and our brand name. Since January 2011, our key suppliers started to provide us with a five-year warranty over key components, starting from the date that relevant wind turbines commence operation, or 66 months warranty period, starting from the date of shipment of such parts or components, whichever is earlier. We generally engage two or three suppliers for each of our major components in order to minimize the dependency on any single supplier. We do not currently depend entirely on any single supplier for any major components and raw materials and believe that most components and raw materials we require for our production are generally available. We have also established strategic relationships with certain key suppliers, including suppliers for gearboxes, frequency converters and main bearings, by entering into cooperation framework agreements that provide for favorable pricing terms and supply priority to us. These cooperation framework agreements reflect the parties’ intention to explore further cooperative opportunities in good faith but do not contain substantive terms and provisions.

Our cost of raw materials, on a per unit basis, decreased from RMB4.1 million in 2011 to RMB3.8 million in 2012 and increased to RMB4.0 million (US\$0.7 million) in 2013. We have been expanding our rotor blade manufacturing capabilities and may selectively acquire certain component manufacturers in the future in order to produce these components in-house and reduce our dependency on external suppliers for these components. As a result of our multiple-supplier strategy and our good relationships with our key suppliers, we do not expect to experience any shortage in the supply of our major components and raw materials in the near future.

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In addition, the primary raw materials used in some of our components include steel and copper. Consequently, the prices we pay to our suppliers for such components may be affected by movements in prices for these raw materials.

Ability to Design and Market Technologically Advanced and Cost-Competitive Turbine Models

Although we have successfully launched our 1.5MW wind turbines, our operating results and future growth depend on our ability to continue to develop or license technologies, manufacture and market technologically advanced and cost-competitive wind turbines. We completed the first prototype of our new 2.5/3.0MW SCD wind turbine in May 2010 and had delivered and installed two prototypes at two wind farms by the end of 2011. In addition, the major components for 6.0MW SCD wind turbine prototype have been ordered. We have completed the in-house testing and have commenced the assembly for the gearbox. In June 2013, we successfully completed our first 6.0MW SCD prototype wind turbine and the preparation for installation was commenced in 2013. We expect to finish the installation in mid of 2014. The 6.0MW SCD prototype utilized our advanced two-bladed SCD technologies and is designed mainly for off-shore operation. We expect to continue to optimize the performance of our products under diverse operating conditions such as in low and high temperatures, high altitudes, low wind velocity and coastal areas. As our customers' needs evolve, the wind turbine specifications they require typically change as well. Our ability to design and develop new products that meet these changing requirements has been and will continue to be critical to our ability to maintain and increase our installed capacity sold and profitability. As a result, we expect to continue to make significant investments in research and development, particularly with respect to designing and developing more technologically advanced and cost-competitive products and core components.

Our Ability to Source and Manage Working Capital Requirements

Our business operations require significant working capital. Our operating results and future growth depend on our ability to optimize the working capital cycle and to source adequate working capital commensurate with the size of our business. Some of our suppliers require us to make prepayments in advance of shipment. As we participate in public bidding to secure our sales contracts, we are required to deposit a certain amount, which is normally calculated at 1% of the contracted amount, which amount will be refunded to us upon the completion of the public bidding. Typically, approximately 5% to 10% of the contract price allocable to the delivery of wind turbines will be retained by our customers and is payable within one month after the end of warranty period. We have provided our customers with alternative payment options, such as letters of guarantee, for exchange of their early payments of such retention monies. Letters of guarantee are financial instruments issued by financial institutions to our customers as a guarantee for our compliance with terms of wind turbine sales contracts until the completion of warranty periods. In addition, we also assist our customers in obtaining lease financing from commercial banks for the settlement of our trade receivables.

In addition, we have established strategic relationships with commercial banks in China to further enhance our capital resource ability. We entered into a strategic cooperative agreement in September 2009 with a term of two years with ICBC Guangdong, under which ICBC Guangdong agreed to provide us with various financial services. We agreed to select ICBC Guangdong as our financial advisor and provider of other financial services with first priority. Subsequently in May 2010, we entered into a further elaborated cooperation agreement with ICBC Guangdong, in particular for overseas financial services collaborations, including extension of credit and lease financing arrangements for overseas wind farm projects that intend to purchase our wind turbines. These agreements have a term of one year and will be automatically renewed for another year upon the expiration. In October 2011, we entered into a development financing cooperation agreement and a planning cooperation agreement with China Development Bank Corp., or CDB, which is a government policy bank wholly owned by China's central government. Under these agreements, CDB agreed to support our strategic and financial planning by granting up to US\$5.0 billion in potential financings, including loans and credit facilities between 2011 to 2015, and by actively participating in our medium-to-long term development planning. The financings from CDB are subject to further terms and conditions to be negotiated. We believe we will be able to obtain more financial support from these banks in the future and expect to continue to develop similar strategic relationships with other commercial banks in China to meet our increasing demand for capital as we expand our business.

Revenue

Our revenue is primarily derived from the sales of wind turbines, including the provision of installation supervision services, the provision of technical and maintenance support services during the warranty period and the sales of raw materials and electronic equipment. We also generated revenue from construction conducted under EPC arrangements in 2011 and 2012. Our net revenue is net of VAT collected on behalf of tax authorities.

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The following table sets forth our revenue for the periods indicated:

	Year Ended December 31,			
	2011	2012	2013	
	RMB	RMB	RMB	US\$
	(in thousands)			
Sales of wind turbines	5,438,065	2,649,720	2,688,769	444,153
Maintenance services	37,018	66,632	90,871	15,011
Sales of raw materials and electronic equipment	18,648	125,018	65,190	10,768
Construction contract revenue	22,088	51,730	—	—
Total revenue	<u>5,515,819</u>	<u>2,893,100</u>	<u>2,844,830</u>	<u>469,932</u>

Sales of wind turbines. Our revenue from the sales of wind turbines, including the provision of installation supervision services, is determined by the units of wind turbines commissioned as well as the amount of contract consideration allocated to the sales of wind turbines.

We secured contracts for 974 units, 481 units and 1,092 units in 2011, 2012 and 2013, respectively. We delivered 1,090 units, 472 units and 614 units of wind turbines and recognized revenue for 980 units, 518 units and 549 units of wind turbines, which amounted to RMB5,438.1 million, RMB2,649.7 million and RMB2,688.8 million (US\$444.1 million), in 2011, 2012 and 2013, respectively. We did not recognize revenue for the sales of 197 units, 151 units and 216 units of wind turbines that were delivered as of December 31, 2011, 2012 and 2013, respectively, which represented approximately RMB606.8 million, RMB581.2 million and RMB817.6 million (US\$135.1 million) of deferred revenue, respectively. At the point of revenue recognition, the amount of inventory associated with the delivered wind turbines, which represented approximately RMB873.0 million, RMB571.7 million and RMB867.2 million (US\$143.3 million) of finished goods inventory as of December 31, 2011, 2012 and 2013, respectively, would be included in the cost of sales.

Provision of maintenance services. Our revenue from the provision of technical and maintenance support services during the warranty period is determined by the units of wind turbines in warranty period and the amount of contract consideration allocated to the provision of technical and maintenance support services. We recognized revenue from the provision of technical and maintenance support services in the amount of RMB37.0 million, RMB66.6 million and RMB90.9 million (US\$15.0 million) in the years ended December 31, 2011, 2012 and 2013, respectively.

Sales of raw materials and electronic equipment. Our revenue from sales of raw materials and electronic equipment is determined by the quantities and average selling price of the raw materials and electronic equipment that we sell. We derived revenue in the amount of RMB18.6 million, RMB125.0 million and RMB65.2 million (US\$10.8 million) from the sales of the gearboxes, generators, pitch control systems, bearings and other components in the years ended December 31, 2011, 2012 and 2013, respectively. We may occasionally sell raw materials and electronic equipment to other turbine manufacturers in the future but we do not expect to engage in such sales as part of our ordinary business operation.

Construction contracts. We began entering into EPC arrangements in 2011. Under certain of these arrangements, we are engaged in the construction of the wind farms and derived revenues from such construction work based on the percentage of completion status. In the years ended December 31, 2011 and 2012, we recognized revenue of RMB22.1 million and RMB51.7 million, respectively, from construction contracts relating to EPC arrangements. We did not recognize such revenue in 2013. See “—Critical Accounting Policies—Revenue Recognition—Construction contracts.”

Cost of Sales

Our cost of sales consists of raw material cost, manufacturing overhead, estimated cost of warranty and related expenses and inventory provision.

- *Raw material cost.* Raw material cost includes (i) cost of raw materials used in the assembly of wind turbines, such as rotor hubs, main shafts, main frames, gearboxes, bearings, generators, frequency converters, transformers, pitch control systems and electrical control systems, and (ii) cost of raw materials used in the manufacturing of rotor blades, such as glass fiber, balsa wood, PVC foam and epoxy resin. Our cost of raw materials, on a per unit basis, amounted to RMB4.1 million, RMB3.8 million and RMB4.0 million (US\$0.7 million) in 2011, 2012 and 2013, respectively.
- *Manufacturing overhead.* Our manufacturing overhead includes salaries and benefits for personnel directly involved in the manufacturing activities, depreciation of manufacturing equipment and facilities, consumables, rent, traveling expenses, utilities and other expenses associated with the manufacturing of our products. Variable production overheads are allocated to each unit of production based on the actual use of our production facilities. Fixed manufacturing overhead allocated to cost of sales and inventories are based on the normal capacity of our production facilities. Depreciation of manufacturing equipment and facilities is provided on a straight-line basis over their estimated useful life, taking into account their estimated residual value. Due to our capacity expansion, depreciation in absolute terms has increased significantly since 2010, resulting from our purchases of more property, plant and equipment. We expect this trend to continue as we continue to expand our production capacity.

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- *Estimated cost of warranty and related expenses.* We provide warranties of two to six years for our wind turbines after the wind turbines have passed the durability test, during which time period, we provide technical and maintenance support services and cover parts and labor for non-maintenance repairs and replacement. Under the sales contracts, we offer to provide the customers with certain spare parts at prices determined with reference to fair market prices at the time of the sales contracts, or at estimated fair market prices at the time of delivery of such spare parts. During the warranty period, we typically guarantee the availability and performance of our wind turbines. We are generally obligated to pay a monetary damage of up to 20% of the purchase price of the wind turbine in case of non-performance or underperformance. Customers can also choose to replace a wind turbine if the power output curve of an individual wind turbine does not exceed certain designed power output curve set in the sales contracts after extensive verification. As of December 31, 2013, our accrued warranty costs amounted to RMB404.1 million (US\$66.8 million). We compared our warranty practice and the design and technology of our wind turbines with those of our competitors that are public companies and believe that the design and technology of our wind turbines and our warranty practice are in accordance with the industry standard. Accordingly, we estimate the amount of potential future claims during the warranty periods with reference to our warranty experience and the warranty accrual practice of our competitors that are public companies. We accrued the equivalent of 3.3% of revenue from sales of wind turbines for each of 2011, 2012 and 2013 as the best estimate of the cost of future warranty obligations. We review such estimation periodically and will adjust the estimated warranty provision based on our accumulated historical experience and warranty claims we have received.
- *Inventory provision.* Our inventories are stated at the lower of cost or net realizable value. We record inventory provision in cost of sales. We incurred RMB3.5 million, RMB35.8 million and RMB22.9 million (US\$3.8 million) in inventory provision in 2011, 2012 and 2013, respectively. We also recorded a reversal of inventory provision in the amount RMB5.4 million (US\$0.9 million) in the year ended December 31, 2013 since the relevant impaired inventories were sold or consumed in 2012.

Our cost of sales in connection with the sales of wind turbines and the provision of technical and maintenance support services during the warranty period is affected primarily by our ability to control raw material and component costs by efficiently managing our supply chain and achieving economies of scale in our operations.

Other Income

Other income primarily represents government grants in the amount of RMB31.2 million, RMB80.9 million and RMB34.6 million (US\$5.7 million) in 2011, 2012 and 2013, respectively. In 2011, we granted the license of an unpatented technology for the manufacturing of wind turbines to Inner Mongolia Equipment, a 33.0% affiliate of us, at the consideration of RMB5.0 million which was recorded as other income in the same year. In 2012, we recorded a bargain purchase gain of RMB4.9 million from our acquisition of the remaining 65.06% equity interest in Tianjin Technology, which was mainly attributable to the increase in fair value of the identifiable net assets from the date when consideration for the acquisition was agreed to the date when we obtained control in Tianjin Technology. In 2013, we recorded a bargain purchase gain of RMB4.9 million (US\$0.8 million) from our acquisition of Gansu Shandan Xiehe Wind Power Co., Ltd., or Shandan Xiehe, and RMB5.5 million (US\$0.9 million) from the provision of certain technical services.

Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of wind turbine and component transportation costs, bidding charges, salaries and benefits for our selling and distribution staff, traveling expenses and other selling expenses including expenses relating to on-site surveying and meetings. We engage third-party transportation companies to transport and deliver wind turbines to wind farms and include the related transportation costs in the selling and distribution expenses. As we participate in certain public biddings organized by agents engaged by our customers, we are required to pay a bidding success fee to the agent after we win the bid, which amount is calculated at a percentage ranging from 0.1% to 0.5% of the contracted amount and included in the selling and distribution expenses.

Our selling and distribution expenses amounted to RMB227.8 million, RMB174.8 million and RMB219.9 million (US\$36.3 million) in 2011, 2012 and 2013, respectively. We expect that our selling and distribution expenses will increase in the future as we sell more wind turbines and increase our sales efforts and hire additional sales personnel to accommodate the growth of our business as we expand our customer base in the domestic market and enter the overseas markets.

Administrative Expenses

Our administrative expenses consist primarily of share-based compensation expenses, salaries and benefits for our administrative, finance and human resources personnel, bank charges, allowance for doubtful debts, rent, professional service fees, stamp duty and other taxes, business travel expenses, office expenses, depreciation and amortization expenses that are allocable to our administrative finance and human resources departments and other costs, including insurance premium, conference fees and utilities expenditures. Our administrative expenses amounted to RMB261.9 million, RMB384.1 million and RMB445.9 million (US\$73.7 million) in 2011, 2012 and 2013, respectively. We expect our administrative expenses to increase as we hire more personnel and incur expenses to accommodate our business expansion and to support our operation as a public company, including compliance-related expenses.

Research and Development Expenses

Research and development expenses consist primarily of professional service fees paid to third-party service providers for outsourced research and development projects, materials consumed in research and development activities, salaries, bonuses and other benefits for research and development personnel, travel expenses, depreciation expenses that are allocable to our research and development department and other expenses, including reimbursement and allowance for research and development personnel. Our research and development expenses were RMB85.3 million, RMB85.8 million and RMB102.6 million (US\$16.9 million) in 2011, 2012 and 2013, respectively. All costs associated with research and development activities are expensed as incurred. We expect the research and development expenses to increase as we hire additional research and development personnel and devote more resources to research and development efforts.

Impairment Loss on Goodwill and Other Intangible Assets

In November 2012, we acquired 50% equity interest in GWPL, which became a consolidated subsidiary of our Group since then. GWPL was initially expected to focus on the manufacturing and sales of wind turbines with the designed output of 750kW, 2.0MW and 2.5MW wind turbines in India. Since 2013 however, some of GWPL's major customers encountered financial difficulties and significantly reduced their orders for wind turbines supplied by GWPL. Consequently, the economic benefits of these intangible assets will not be realized as previously forecasted. We carried out an impairment test on the intangible assets and goodwill relating to our Indian operation segment as of December 31, 2013, and as a result, an impairment loss of RMB179.7 million (US\$29.7 million) was recognized.

Taxation and Incentives

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments made by us are not subject to withholding tax in the Cayman Islands.

Hong Kong

We did not have any assessable profits subject to the Hong Kong profits tax in 2011 and 2012. In 2013, we were subject to Hong Kong profits tax for any assessable income at a rate of 16.5%.

People's Republic of China

Our subsidiaries incorporated in the PRC are governed by applicable PRC income tax laws and regulations. We expect our net income to be derived primarily from Guangdong Mingyang and its subsidiaries. We expect that all of our revenue will be denominated in Renminbi and stated net of VAT.

Prior to January 1, 2008, Guangdong Mingyang was subject to PRC enterprise income tax at a statutory tax rate of 33%. The EIT Law and the implementation rules issued by the PRC State Council, became effective as of January 1, 2008. The EIT Law provides that all enterprises in China, including foreign-invested companies, are subject to a uniform 25% enterprise income tax rate and all tax reduction or exemption as well as incentives previously provided to foreign-invested enterprises were to be cancelled. Under the EIT Law, entities that qualify as "advanced and new technology enterprises" are entitled to the preferential EIT rate of 15% after the transition period under the EIT Law, if any, expires.

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The recognition criteria and procedures for the “advanced and new technology enterprise” under the EIT law were not issued until April 2008. Guangdong Mingyang was granted the “advanced and new technology enterprise” certificate. The certificate is valid for a period of three years effective from January 1, 2009. In November 2012, Guangdong Provincial Department of Science and Technology determined that Guangdong Mingyang remained qualified as an “advanced and new technology enterprise.” In 2013, Guangdong Mingyang renewed the certificate by extending the effective term to November 2015. Further, in June 2009, Jilin Mingyang obtained the “advanced and new technology enterprise” certificate, which is valid for a period of three years effective from January 1, 2009. Jilin Mingyang has renewed the certificate in August 2012 which is valid from August 2012 to August 2015.

In addition, each of Tianjin Mingyang Wind Power Equipment Co., Ltd. and Tianjin Blade was recognized as a “advanced and new technology company” with a period of three years effective from August 2011. Accordingly, Guangdong Mingyang, Jilin Mingyang, Tianjin Mingyang Wind Power Equipment Co., Ltd. and Tianjin Blade are entitled to the preferential income tax rate of 15% in the relevant periods. If any of these subsidiaries fails to remain qualified as an “advanced and new technology enterprise,” which is subject to periodic renewal, we may not be entitled to the preferential tax rate of 15%.

The EIT Law also provides that enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and are generally subject to the uniform 25% enterprise income tax rate as to their worldwide income. Under the implementation rules for the EIT Law issued by the PRC State Council, “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise. Circular 82 and Circular 45 issued by the PRC State Administration of Taxation in 2009 and 2011, respectively, or the “SAT Notices,” provide detailed guidance regarding the definition of “de facto management bodies” and the determination and administration of offshore-incorporated PRC tax resident. Under the SAT notices, an “offshore-incorporated PRC tax resident” was defined as “an enterprises that is incorporated under the law of a foreign country or territory with a PRC company or PRC corporate group as its primary controlling shareholder.” We believe that we are not a “resident enterprise” nor do we meet the criteria under the Circular 82 as the Circular 82 only applies to offshore enterprises controlled by PRC enterprises while none of our shareholder is a PRC company or PRC corporate group. However, although all of our operational management is currently based in the PRC, it is unclear whether PRC tax authorities would require (or permit) us to be treated as a PRC resident enterprise.

Under the EIT Law and the implementation rules issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises,” which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of ADSs or shares by such investors is also subject to PRC income tax at a rate of 10% if such gain is regarded as income derived from sources within the PRC. If we are considered a PRC “resident enterprise,” it is unclear whether dividends we pay with respect to our ordinary shares or ADSs, or the gain you may realize from the transfer of our ordinary shares or ADSs, would be treated as income derived from sources within the PRC and be subject to PRC tax. It is also unclear whether, if we are considered a PRC “resident enterprise,” holders of our ordinary shares or ADSs might be able to claim the benefit of income tax treaties entered into between China and other countries.

India

Effective from January 1, 2013, the India statutory income tax rate applicable to our subsidiaries in India is 30.90%. We did not have any assessable profits subject to the India income tax in 2012 and 2013.

Recently Issued Accounting Pronouncements

The IASB has issued certain amendments to IFRSs that are first effective for our fiscal year of 2013. Of these, the following new standards and amendments to standards are relevant to our financial statements.

IFRS 10 Consolidated Financial Statements (2011)

As a result of IFRS 10 (2011), we have changed our accounting policy for determining whether we have control over and consequently whether we consolidate our investees. IFRS 10 (2011) replaces the requirements in IAS 27, Consolidated and separate financial statements, relating to the preparation of consolidated financial statements. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether we have power over the investee, exposure to variable returns from our involvement with the investee and the ability to use our power to affect the amount of those returns.

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In accordance with the transitional provisions of IFRS 10 (2011), we reassessed the control conclusion for our investees as January 1, 2013 and determined that the adoption of IFRS 10 (2011) had no significant impact on our control conclusion in respect of our involvement with other entities.

IFRS 11 Joint Arrangements

As a result of IFRS11, we have changed our accounting policy for our interests in joint arrangements. Under IFRS 11, we have classified our interests in joint arrangements as joint ventures. When making this assessment, we considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

We have re-evaluated our involvement in our joint arrangement and has reclassified the investments in jointly controlled entities to investments in joint ventures. Upon the adoption of IFRS 11, the investment continues to be accounted under the equity method with no impact on our recognized assets, liabilities and comprehensive income.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to us, we have expanded our disclosures about our interests in subsidiaries and equity-accounted investees.

IFRS 13 Fair Value Measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to us, we have included additional disclosures in this regard. The adoption of IFRS 13 does not have any material impact on the fair value measurements of our assets and liabilities.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

As a result of the amendments to IAS1, we have modified the presentation of items of other comprehensive income/(loss) in our consolidated statements of comprehensive income, to present separately items that are or may be reclassified to profit or loss. Comparative information has been re-presented accordingly.

Disclosue of Recoverable Amount for Non-Financial Assets (Amendments to IAS 36) (2013)

We have early adopted the amendments to IAS 36 (2013). As a result, we have expanded our disclosures of recoverable amounts when impairment is recognized.

The above changes in accounting policies relate to disclosure requirements only and as such do not impact our results of operations or financial position.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with IFRSs as issued by the IASB, which requires us to make judgments, estimates and assumptions that affect: (i) the reported amounts of our assets and liabilities; (ii) the disclosure of our contingent assets and liabilities at the end of each reporting period; and (iii) the reported amounts of revenue and expenses during each reporting period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates.

We believe that any reasonable deviation from those judgments and estimates would not have a material impact on our financial condition or results of operations. To the extent that the estimates used differ from actual results, however, adjustments to the statement of operations and corresponding statement of financial condition accounts would be necessary. These adjustments would be made in future financial statements.

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When reading our financial statements, you should consider (i) our critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our financial statements. We have not made any material changes in the methodology used in these accounting policies during the past three years.

Revenue Recognition

We derive revenue principally from the sales of wind turbines, including the provision of installation supervision services, the provision of technical and maintenance support services during the warranty period and the sales of raw materials and electronic equipment. Our revenue is net of business tax as well as value-added tax collected on behalf of tax authorities with respect to the sale of merchandise. Value-added tax collected from customers, net of value-added tax paid for purchases, is recorded as a liability in the balance sheet until it is paid to the tax authorities.

Sales of wind turbines and provision of maintenance support services

Revenue from the sale of wind turbines is measured at the fair value of the consideration received or receivable. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement with the goods, and the amount of revenue can be measured reliably. Also, revenue is recognized only when it is probable that the economic benefit associated with the transaction will flow to us.

Our arrangements with customers with respect to wind turbines contain multiple deliverables consisting of (i) the delivery of the wind turbines to the customers' location and providing installation supervision, known as the sale of wind turbines (ii) providing technical and maintenance support for a period ranging from two to six years.

Revenue attributable to the sale of wind turbines is recognized when the wind turbine has been delivered and accepted by the customer, the wind turbine has been installed under the supervision of us, functional test of the wind turbine has been completed and accepted by the customer and the collectability of the consideration is probable. The durability test, which typically lasts 240 hours and is performed subsequent to the functional test of the turbine, is a test to ensure the proper and stable connection of the wind turbines to power grids. Our performance obligation of the durability test is not significant.

In substance, our investments in joint ventures are interest bearing advances or loans to the other shareholders of the joint ventures. With respect to sale of wind turbines and provision of maintenance services to our joint ventures, we retain significant risk of ownership when receipt of revenue from the sale of wind turbines to the joint ventures is contingent upon the derivation of revenue by the buyer from the operation of wind turbines. Therefore, in addition to meeting the criteria described in the preceding paragraph, we recognize revenue from the sale of wind turbines to our joint ventures when the joint ventures have demonstrate their current ability to settle the sales amount of the wind turbines, other than solely from the future generation of cash flows from the wind farm operations. Such ability is usually evidenced by the joint ventures obtaining financing which is independent from us to settle the sales amount of wind turbines, such as obtaining bank loans that are not guaranteed by us, our subsidiaries or related parties.

The amounts that have been billed by us for wind turbines that have been delivered to the customer locations but the related installation service and the functionality test have not been completed, which generally occurs three to six months after the delivery date, are recorded in "deferred revenue" in the consolidated statement of financial position. As of December 31, 2011, 2012 and 2013, deferred revenue amounted to RMB606.8 million, RMB581.2 million and RMB817.6 million (US\$135.1 million), respectively.

Revenue attributable to provision of technical and maintenance support services is recognized on a straight-line basis over the warranty period, which generally ranges from two to six years.

Pursuant to the wind turbine sale arrangements entered into between us and the customers, we normally receive non-refundable advance payments of up to 30% of the contract sales prices from the customers prior to the delivery of wind turbines to the customers' location. Upon receipt of the advance payments, we record the amounts as "receipt in advance" in our consolidated statement of financial position.

Sales of raw materials and electronic equipment

We recognize revenues from the sale of raw materials and electronic equipment when the risk and rewards of ownership and title to the raw materials have been transferred to the buyer, which coincides with delivery and acceptance of the products by the buyer.

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Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, revenue is recognized using the percentage of completion method. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss. We recognized RMB22.1 million and RMB51.7 million from project construction for EPC arrangements in the years ended December 31, 2011 and 2012, respectively.

Depreciation and Amortization

Our long-lived assets mainly include property, plant and equipment and intangible assets. We depreciate and amortize our long-lived assets except for goodwill and intangible assets with indefinite useful lives using the straight-line method of accounting over the estimated useful lives of the assets. We make estimates of the useful lives of property, plant and equipment (including the salvage values) and intangibles with definite life in order to determine the amount of depreciation and amortization expenses to be recorded during each reporting period. Leasehold improvements are amortized over the shorter of the lease term or estimated useful lives of the assets. We estimate the useful lives of property, plant and equipment, and intangible assets with definite life at the time the assets are acquired based on historical experience with similar assets as well as anticipated technological or other changes. If technological changes were to occur more rapidly than anticipated or in a different form than anticipated, we might shorten the useful lives assigned to these assets, which would result in the recognition of increased depreciation and amortization expense in future periods. Land is not depreciated.

When items are retired or otherwise disposed of, income is charged or credited for the difference between the net book value and proceeds received thereon. Ordinary maintenance and repairs are charged to expense as incurred. The estimated useful lives of our property, plant and equipment are as follows:

	<u>Useful Life</u>
Buildings	20 - 60 years
Machinery and equipment	5 - 21 years
Furniture, fixtures and office equipment	3 - 21 years
Motor vehicles	4 - 10 years
Leasehold improvements	Shorter of the lease term and estimated useful life

Costs incurred during the construction of new facilities and offices are initially capitalized as construction in progress and transferred into property, plant and equipment when the assets are ready for their intended use, at which time depreciation commences.

Intangible assets represent unpatented technology, customer relationship, order backlog, wind farm development right, trademark and goodwill. Trademarks are not amortized while their useful lives are assessed to be indefinite, which is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Intangible assets with definite useful life are carried at cost less accumulated amortization and amortized on a straight-line basis. The estimated useful lives of our intangible assets are as followings:

	<u>Useful Life</u>
Unpatented technology	4 - 12 years
Customer relationship	10 years
Wind farm development right	15 - 20 years

Lease prepayments are stated at cost less amortization and impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the estimates useful lives which range from 30 to 50 years.

There has been no change to the estimated useful lives during the periods presented.

Impairment of Long-lived Assets

We review our long-lived assets, including property, plant and equipment, intangible assets and goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of such an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of the asset to the recoverable amount of the asset. The recoverable amount of an asset or cash-generating unit, or CGU, is the greater of its value in use and its fair value less costs to sell. In assessing value in use, or VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount of the asset exceeds its recoverable amount, an impairment charge is recognized to the extent that the carrying amount of the asset exceeds its recoverable amount.

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In November 2012, we acquired 50% equity interest in GWPL, which became a consolidated subsidiary of our Group since then. GWPL was initially expected to focus on the manufacturing and sales of wind turbines with the designed output of 750kW, 2.0MW and 2.5MW wind turbines in India. Since 2013 however, some of GWPL's major customers encountered financial difficulties and significantly reduced their orders for wind turbines supplied by GWPL. Consequently, the economic benefits of these intangible assets will not be realized as previously forecasted. We carried out an impairment test on the intangible assets as of December 31, 2013, and an impairment loss of RMB80.7 million (US\$13.3 million) was recognized.

Impairment testing for goodwill is performed annually at the end of each reporting period. As of December 31, 2013, we had RMB132.0 million (US\$21.8 million) in goodwill that were subject to impairment testing. No impairment loss for goodwill was recognized for the years ended December 31, 2011 and 2012. For the year ended December 31, 2013, however, due to GWPL's operation status as discussed above, we consider the goodwill allocated to the manufacture and sale of wind turbines – India CGU to be impaired. We assessed the VIU of the manufacture and sale of wind turbines – India CGU, and recognized an impairment loss of RMB99.0 million (US\$16.4 million) for goodwill for the year ended December 31, 2013.

Share-based Compensation

We account for share-based payments under the provisions of IFRS 2, *Share-based Payment*, or IFRS 2. Under IFRS 2, we are required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award and recognize the expense in our consolidated statement of operations over the period during which an employee is required to provide service in exchange for the award. The additional expenses associated with share-based compensation may reduce the attractiveness of our equity incentive plans.

Our shareholders adopted our 2010 equity incentive plan on August 31, 2010. On September 30, 2010, we granted options to purchase an aggregate of 4,600,000 ordinary shares under our 2010 equity incentive plan to certain of our directors, officers and other employees. The initial exercise price of these options equals to 60% of the offering price to public of US\$14.00, or US\$8.40, per ADS, each representing one ordinary share. Our compensation committee approved an amendment to our 2010 equity incentive plan on August 27, 2013. Subject to the amendment, the exercise price was adjusted to US\$1.29 effective on September 1, 2013. On the same day, we granted an additional 1,840,000 options to purchase our ordinary shares with an exercise price of US\$1.29. As of the date of this annual report, the number of total outstanding options granted under our 2010 equity incentive plan was 4,805,900. In addition, in January 2013, we issued 600,000 ordinary shares from our treasury shares to one of our then senior management as awards to his past service. We incurred share-based compensation expenses associated with these options and share awards in the amount of RMB112.5 million, RMB42.9 million and RMB33.2 million (US\$5.5 million) for the years ended December 31, 2011, 2012 and 2013, respectively.

Deferred Income Taxes

We account for deferred income taxes under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The realization of the future tax benefits of a deferred tax asset is dependent on future taxable income against which such tax benefits can be applied or utilized, the consideration of the scheduled reversal of deferred tax liabilities and any available tax planning strategies. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

As of December 31, 2013, we had not recognized deferred tax assets with respect to unused tax losses of RMB285.8 million (US\$47.2 million) and other temporary differences of RMB137.8 million (US\$22.8 million). The deferred tax assets not recognized as of December 31, 2013 were mainly related to deferred tax assets of Jiangsu Mingyang Wind Power Technology Co., Ltd., or Jiangsu Mingyang, Guizhou Mingyang Wind Power Technology Co., Ltd., or Guizhou Mingyang, and GWPL. We determined that it was not probable that the tax losses and other temporary differences of Jiangsu Mingyang, Guizhou Mingyang and GWPL could be utilized and therefore the deferred tax assets were not recognized.

[Table of Contents](#)**Inventories**

Our inventories are stated at the lower of cost or net realizable value, which represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing the inventories to their existing condition and location. For finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

We record inventories provisions that have cost in excess of estimated market value. If the utility of our inventories were to be impaired by damage, deterioration, obsolescence or other causes, we would write down the cost of our inventories to their net realizable values. The inventories provisions for the years ended December 31, 2011, 2012 and 2013 were RMB3.5 million, RMB35.8 million and RMB22.9 million (US\$3.8 million), respectively, and were included in cost of sales in our consolidated statements of operations.

Warranty

We perform a functionality test to our wind turbines after the installation in order to test the performance of the wind turbines to make sure they meet all of the specific acceptance criteria of our customers and are properly connected to the power grids. A durability test is subsequently performed to ensure proper and stable connection of our wind turbines to the power grids. The warranty period of our wind turbines typically commences after they pass the durability test. We provide warranties of two to six years for our 1.5MW wind turbines after the wind turbines have passed the durability test. Of the 2,962 units of 1.5MW wind turbines for which we secured contracts as of December 31, 2013, we offered warranties for a two-year period for 742 units and for periods longer than two years for 2,220 units of wind turbines. We offered warranties of three years for the 17 units of SCD wind turbines and warranties of three to five years for the 98 units of 2.0MW wind turbines, respectively, for which we secured contracts as of December 31, 2013. During the warranty period, we provide technical and maintenance support services and cover parts and labor for non-maintenance repairs and replacement. Upon the occurrence of any repairs and replacements, we typically restart the warranty period for the repaired or replacement components. During the warranty period, we also typically guarantee the availability and performance of our wind turbines. We are generally obligated to pay monetary damages of up to 20% of the purchase price of the wind turbine in the case of non-performance or underperformance. Customers can also choose to replace the wind turbines if the annual power output of our wind turbines does not exceed certain designed power output after extensive verification. In addition, we offer under the sales contracts to provide the customers with certain spare parts at prices which are determined with reference to fair market prices at the time of the sales contracts, or at estimated fair market prices at the time of delivery of such spare parts.

We have estimated the amount of potential future claims during the warranty periods with reference to the warranty experience of other companies in the same business. We compare the warranty practice, design and technology of our wind turbines with those of our competitors in our industry, and we believe our warranty practice and the design and technology of our wind turbines are in accordance with industry standards and specifications and are comparable to these competitors in terms of the performance and durability. Accordingly, we estimate the amount of potential future claims during the warranty periods based on our warranty experience and the warranty accrual practice of our competitors that are public companies. We accrued the equivalent of 3.3% of revenue from sale of wind turbines for each of 2011, 2012 and 2013, based on the best estimate of the cost of future warranty obligations. We review such estimation periodically and will adjust the estimated warranty provision based on our accumulated historical experience and warranty claims we have received.

Actual warranty costs will depend on a variety of factors including actual failure rates, material and product delivery costs at the time of failure and other costs incurred to fulfill the obligation to replace or repair the product. Actual warranty costs incurred or claimed are charged against the accrued warranty liability. To the extent that actual warranty costs differ significantly from our estimates, we will revise our warranty provisions accordingly. Any such revisions to our accrued warranty liability will affect our results of operations in the period the revision is made as well as subsequent periods to the extent the amount of estimated warranty provisions of related sales revenue is adjusted.

Movements of the warranty provision are set out as below:

	2011	2012	2013	
	RMB	RMB	RMB	US\$
	(in thousands)			
As of January 1	211,117	353,067	390,489	64,504
Additions	180,139	87,708	87,972	14,532
Provisions utilized	(38,189)	(50,286)	(74,411)	(12,292)
As of December 31	<u>353,067</u>	<u>390,489</u>	<u>404,050</u>	<u>66,744</u>

Results of Operations

The following summary consolidated statement of operations and consolidated statement of comprehensive income data for the years ended December 31, 2011, 2012 and 2013 and summary consolidated statement of financial position data as of December 31, 2012 and 2013 have been derived from our audited consolidated financial statements, which are included elsewhere in this annual report. The summary consolidated statement of operations and consolidated statement of comprehensive income data for the years ended December 31, 2009 and 2010 and the summary consolidated statement of financial position data as of December 31, 2009, 2010 and 2011 have been derived from our audited financial statements, which are not included in this annual report.

Our consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRSs. Our historical results do not necessarily indicate our results expected for any future period.

	Year Ended December 31,					
	2009	2010	2011	2012	2013	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands, except share, per share and per ADS data)					
Revenue	1,172,692	5,517,837	5,515,819	2,893,100	2,844,830	469,932
Cost of sales	(1,096,724)	(4,430,472)	(4,522,685)	(2,523,337)	(2,582,551)	(426,607)
Gross profit	75,968	1,087,365	993,134	369,763	262,279	43,325
Other income	268	18,165	36,195	85,830	44,953	7,426
Selling and distribution expenses	(90,862)	(149,152)	(227,766)	(174,807)	(219,890)	(36,323)
Administrative expenses	(67,475)	(150,775)	(261,944)	(384,102)	(445,883)	(73,655)
Research and development expenses	(52,789)	(43,061)	(85,305)	(85,821)	(102,568)	(16,943)
Impairment loss on goodwill and other intangible assets	—	—	—	—	(179,661)	(29,678)
(Loss)/profit from operations	(134,890)	762,542	454,314	(189,137)	(640,770)	(105,848)
Net finance expenses	(49,577)	(35,100)	(91,278)	(104,094)	(81,522)	(13,466)
Share of (loss)/profit of associates	(154)	2,616	2,275	(7,396)	(3,558)	(588)
(Loss)/profit before income tax	(184,621)	730,058	365,311	(300,627)	(725,850)	(119,902)
Income tax (expense)/benefit	(38,495)	(20,870)	(73,018)	(213)	78,417	12,954
(Loss)/profit for the year	(223,116)	709,188	292,293	(300,840)	(647,433)	(106,948)
Other comprehensive loss for the year						
Foreign operations-foreign currency translation differences	—	(19,156)	(39,202)	(2,965)	(8,628)	(1,426)
Total comprehensive (loss)/income for the year	(223,116)	690,032	253,091	(303,805)	(656,061)	(108,374)
(Loss)/profit attributable to:						
Shareholders of the Company	(221,313)	702,135	292,993	(281,874)	(504,179)	(83,284)
Non-controlling interests	(1,803)	7,053	(700)	(18,966)	(143,254)	(23,664)
Total comprehensive (loss)/income attributable to:						
Shareholders of the Company	(221,313)	682,979	253,791	(284,707)	(517,211)	(85,438)
Non-controlling interests	(1,803)	7,053	(700)	(19,098)	(138,850)	(22,936)
Basic and diluted (loss)/earnings per share	(2.21)	6.61	2.35	(2.31)	(4.12)	(0.68)
Weighted average number of shares used in computation						
—basic and diluted ⁽¹⁾	100,000,000	106,250,000	124,450,310	121,869,607	122,408,098	122,408,098

- (1) The calculation of the weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share has been retroactively adjusted to reflect: (i) the 1:1000 share subdivision effected in February 2010, (ii) our reorganization which was completed in May 2010, and (iii) our incorporation in February 2009, as if these events had occurred at the beginning of the earliest period presented and such shares had been outstanding for all periods.

Comparison of Years Ended December 31, 2013 and December 31, 2012

Revenue. Our total revenue for the year ended December 31, 2013 was RMB2,844.8 million (US\$469.9 million), compared to RMB2,893.1 million for the year ended December 31, 2012.

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Our revenue derived from sales of wind turbines was RMB2,688.8 million (US\$444.1 million) in 2013, compared to RMB2,649.7 million in 2012. We recognized revenue derived from sales of wind turbines for 455 units of 1.5MW, 91 units of 2.0MW and 3 units of 2.5MW wind turbines in 2013, compared to 494 units of 1.5MW, 7 units of 2.0MW and 17 units of 2.5/3.0MW SCD wind turbines in 2012. Total deliveries were 614 units and 472 units in 2013 and 2012, respectively. The decrease in revenue was primarily due to the overall lower average selling price for wind turbines recognized in 2013. The average contract selling price for our 1.5MW wind turbines and technical support and maintenance services, excluding VAT, on a per kW basis, decreased from RMB3,140 per kW in 2012 to RMB3,124 (US\$516.0) per kW in 2013, based on the sales contracts we entered into in relevant periods. The decrease in selling prices was principally due to intensified market competition and a decrease in market demand.

We derived revenue of RMB65.2 million (US\$10.8 million) and RMB125.0 million from sales of raw materials and electronic equipment in 2013 and 2012, respectively.

Our revenue from the provision of technical and maintenance support services during the warranty period is determined by the units of wind turbines in warranty period and amount of contract consideration allocated to the provision of technical and maintenance support services. We recognized revenue from the provision of technical and maintenance support services in the amount of RMB66.6 million and RMB90.9 million (US\$15.0 million) in the years ended December 31, 2012 and 2013, respectively.

We began EPC arrangements in 2011, under certain of which we engaged in the construction of wind farm projects. We generated revenue from construction under EPC arrangements of RMB51.7 million in 2012. We did not recognize such revenue in 2013.

We recognized revenue in connection with sales of wind turbines to 14 end customers in the year ended December 31, 2012. Our largest and top five customers in 2012, in terms of revenue recognized, together with their respective affiliates, contributed approximately 27.9% and 64.0% of our total revenue for the year, respectively. We recognized revenue in connection with sales of wind turbines to 17 end customers in the year ended December 31, 2013. Our largest and top five customers in 2013, in terms of revenue recognized, together with their respective affiliates, contributed approximately 22.1% and 54.4% of our total revenue for the year, respectively.

Mingyang Singapore completed the acquisition of GWPL in November 2012 and as a result of the consolidation of its financial results with ours, we recognized revenue of RMB68.9 million (US\$11.4 million) and RMB13.4 million generated from GWPL for the years ended December 31, 2013 and 2012, respectively.

Cost of sales. Our cost of sales increased from RMB2,523.3 million for the year ended December 31, 2012 to RMB2,582.6 million (US\$426.6 million). This increase was primarily due to the increase in the percentage of the sales of 2.0MW wind turbines over total revenue as compared to that in 2012, which has a higher unit cost than 1.5MW wind turbines. Our cost of sales as a percentage of total revenue was 87.2% and 90.8% for the years ended December 31, 2012 and 2013, respectively.

Gross profit. As a result of the foregoing, our gross profit for the year ended December 31, 2013 was RMB262.2 million (US\$43.3 million), representing a gross margin of 9.2%, as compared to a gross profit of RMB369.8 million, representing a gross margin of 12.8%, for the year ended December 31, 2012.

Other income. Other income decreased by RMB40.8 million from RMB85.8 million for the year ended December 31, 2012 to RMB45.0 million for the year ended December 31, 2013, primarily due to less government grants received and recognized as other income during the year. Other income in 2013 primarily represented government grants of RMB34.6 million (US\$5.7 million), technical service income of RMB5.5 million (US\$0.9 million) and a bargain purchase gain on our acquisition of Shandan Xiehe of RMB4.9 million (US\$0.8 million).

Selling and distribution expenses. Our selling and distribution expenses increased from RMB174.8 million for the year ended December 31, 2012 to RMB219.9 million (US\$36.3 million) for the year ended December 31, 2013. The increase was mainly attributable to the increased transportation expenses as a result of larger number of WTGs delivered in 2013.

Administrative expenses. Our administrative expenses increased from RMB384.1 million for the year ended December 31, 2012 to RMB445.9 million (US\$73.7 million) for the year ended December 31, 2013. This increase was primarily due to the administrative expenses incurred by GWPL, which we acquired in November 2012.

Research and development expenses. Our research and development expenses increased from RMB85.8 million for the year ended December 31, 2012 to RMB102.6 million (US\$16.9 million) for the year ended December 31, 2013, primarily consisting of the increased staff costs and the research and development activities relating to our 6.0MW wind turbine prototype.

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Impairment loss on goodwill and other intangible assets. Our impairment loss on goodwill and other intangible assets was RMB179.7 million (US\$29.7 million) for the year ended December 31, 2013, representing the impairment loss of RMB99.0 million (US\$16.4 million) for goodwill and impairment loss of RMB80.7 million (US\$13.3 million) for unpatented technology of 750kW, 2.0MW and 2.5MW wind turbines, customer relationship and trademarks for the year ended December 31, 2013.

Loss from operations. As a result of the foregoing, our loss from operations was RMB640.8 million (US\$105.8 million) for the year ended December 31, 2013, representing a negative operating margin of 22.5%, as compared to RMB189.1 million for the year ended December 31, 2012, representing a negative operating margin of 6.5%.

Net finance expenses. Our net finance expenses decreased from 2012 to 2013 as a result of the increase of RMB75.1 million (US\$12.4 million) in finance income, partially offset by an increase of RMB52.5 million (US\$8.7 million) in finance expenses. Our finance income increased by 59.2% from RMB126.8 million for the year ended December 31, 2012 to RMB201.9 million (US\$33.3 million) for the year ended December 31, 2013. This increase was primarily due to a gain of fair value change of financial assets of RMB55.1 million (US\$9.1 million) in connection with our subscription of shares of Huadian Fuxin Energy Corporation Limited in its initial public offering. Finance expenses increased by 22.7% from RMB230.9 million for the year ended December 31, 2012 to RMB283.4 million (US\$46.8 million) for the year ended December 31, 2013, which was primarily due to an increase of RMB77.0 million (US\$12.7 million) in interest expenses resulting from loans borrowed from commercial banks.

Share of loss of associates. We acquired equity investments with respect to a 34.94% equity interest in Tianjin Technology, formerly known as Jinneng Mingyang, in February 2009 and acquired the remaining equity interest in Tianjin Technology in October 2012, a 33.0% equity interest in Inner Mongolia Equipment, in September 2010, and a 37.0% equity interest in Huaneng Mingyang, in November 2012. We acquired a 25% equity interest in Guangdong Huadi New Energy Investment Management Co., Ltd. in May 2013 and a 25% equity interest in Zhonghe Henan Renewable Energy Co., Ltd. in August 2013. Our share of loss relating to Inner Mongolia Equipment and Huaneng Mingyang amounted to RMB1.8 million (US\$0.3 million) and RMB2.1 million (US\$0.3 million) in 2013, respectively. Our share of profit relating to Tianjin Technology was RMB1.3 million for the first ten months of 2012. Our share of loss relating to Inner Mongolia Equipment was RMB8.7 million and our share of profit relating to Huaneng Mingyang was nil in 2012, respectively.

Loss before income tax. As a result of the foregoing, we recorded loss before income tax benefit of RMB725.9 million (US\$119.9 million) for the year ended December 31, 2013, compared to loss before income tax expense of RMB300.6 million for the year ended December 31, 2012.

Income tax benefit/(expense). We recorded income tax benefit in the amount of RMB78.4 million (US\$13.0 million) for the year ended December 31, 2013, as compared to income tax expense of RMB0.2 million for the year ended December 31, 2012. The effective tax rate of 10.8% differed from PRC statutory enterprise income tax rate of 25% mainly due to the effect of unrecognized deferred tax assets in respect of unused tax losses and other temporary difference, as well as the preferential income tax rate of certain subsidiaries that are qualified as “advanced and new technology enterprises.”

Loss for the year. As a result of the foregoing factors, we incurred loss of RMB647.4 million (US\$106.9 million) for the year ended December 31, 2013, representing a negative operating margin of 22.8%, as compared to RMB300.8 million for the year ended December 31, 2012, representing a negative operating margin of 10.4%.

Comparison of Years Ended December 31, 2012 and December 31, 2011

Revenue. Our total revenue for the year ended December 31, 2012 was RMB2,893.1 million, compared to RMB5,515.8 million for the year ended December 31, 2011.

Our revenue derived from sales of wind turbines was RMB2,649.7 million in 2012, compared to RMB5,438.1 million in 2011. We recognized revenue derived from sales of wind turbines for 518 units in 2012, including 7 units of 2.0MW and 17 units of 2.5/3.0MW SCD wind turbines, compared to 980 units of 1.5MW turbines for the year ended December 31, 2011. Total deliveries were 472 units and 1,090 units in 2012 and 2011, respectively. The decrease in revenue was primarily due to the overall weakened market demand for wind turbines in China. The average contract selling price for our 1.5MW wind turbines and technical support and maintenance services, excluding VAT, on a per kW basis, decreased to RMB3,140 per kW in 2012 from RMB3,252 per kW in 2011, based on the sales contracts we entered into in relevant periods. The average contract selling price for our 2.0MW wind turbines in 2012 was RMB3,198 per kW. The decrease in selling prices was principally due to intensified market competition and a decrease in market demand.

We derived revenue of RMB125.0 million and RMB18.6 million from sales of raw materials and electronic equipment in 2012 and 2011, respectively.

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Our revenue from the provision of technical and maintenance support services during the warranty period is determined by the units of wind turbines in warranty period and amount of contract consideration allocated to the provision of technical and maintenance support services. We recognized revenue from the provision of technical and maintenance support services in the amount of RMB37.0 million and RMB66.6 million in the years ended December 31, 2011 and 2012, respectively.

We began EPC arrangements in 2011, under certain of which we engaged in the construction of wind farm projects. We generated revenue from construction under EPC arrangements of RMB51.7 million and RMB22.1 million in 2012 and 2011, respectively.

We recognized revenue in connection with sales of wind turbines to 10 end customers in the year ended December 31, 2011. Our largest and top five customers in 2011, in terms of revenue recognized, together with their respective affiliates, contributed approximately 44.0% and 88.4% of our total revenue for the year, respectively. We recognized revenue in connection with sales of wind turbines to 14 end customers in the year ended December 31, 2012. Our largest and top five customers in 2012, in terms of revenue recognized, together with their respective affiliates, contributed approximately 27.9% and 64.0% of our total revenue for the year, respectively.

Mingyang Singapore completed the acquisition of GWPL in November 2012 and as a result of the consolidation of its financial results with ours, we recognized revenue of RMB13.4 million generated from GWPL for the year ended December 31, 2012.

Cost of sales. Our cost of sales decreased from RMB4,522.7 million for the year ended December 31, 2011 to RMB2,523.3 million for the year ended December 31, 2012. This decrease was primarily due to the decrease in the number of wind turbines manufactured and delivered, resulting from the weakened market demand. Our cost of sales as a percentage of total revenue was 82.0% and 87.2% for the years ended December 31, 2011 and 2012, respectively.

Gross profit. As a result of the foregoing, our gross profit for the year ended December 31, 2012 was RMB369.8 million, representing a gross margin of 12.8%, as compared to a gross profit of RMB993.1 million, representing a gross margin of 18.0%, for the year ended December 31, 2011.

Other income. Other income increased by RMB49.6 million from RMB36.2 million for the year ended December 31, 2011 to RMB85.8 million for the year ended December 31, 2012. Other income in 2012 represented recognized government grants of RMB80.9 million and a bargain purchase gain of RMB4.9 million on our acquisition of the remaining 65.06% equity interest in Tianjin Technology, which was mainly attributable to the increase in fair value of the identifiable net assets from the date when consideration for the acquisition was agreed to the date when we obtained control in Tianjin Technology.

Selling and distribution expenses. Our selling and distribution expenses decreased from RMB227.8 million for the year ended December 31, 2011 to RMB174.8 million for the year ended December 31, 2012. The decrease was mainly attributable to the decreased transportation expenses as a result of fewer number of wind turbines delivered in 2012.

Administrative expenses. Our administrative expenses increased from RMB261.9 million for the year ended December 31, 2011 to RMB384.1 million for the year ended December 31, 2012. This increase was primarily due to an increase in provision of trade and other receivables.

Research and development expenses. Our research and development expenses slightly increased from RMB85.3 million for the year ended December 31, 2011 to RMB85.8 million for the year ended December 31, 2012, primarily consisting of the research and development expenses incurred with respect to the development of our new SCD wind turbines.

(Loss)/profit from operations. As a result of the foregoing, our loss from operations was RMB189.1 million for the year ended December 31, 2012, representing a negative operating margin of 6.5%, as compared to profit from operations of RMB454.3 million for the year ended December 31, 2011, representing a net operating margin of 8.2%.

Net finance expenses. Our finance income increased by 79.6% from RMB70.6 million for the year ended December 31, 2011 to RMB126.8 million for the year ended December 31, 2012. This increase was primarily due to an increase of RMB43.7 million in income from investments in several joint ventures and an increase of RMB37.6 million in interest income. Finance expenses increased by 42.6% from RMB161.9 million for the year ended December 31, 2011 to RMB230.9 million for the year ended December 31, 2012, which was primarily due to an increase of RMB105.0 million in interest expenses resulting from loans from commercial banks and medium-term notes.

Share of (loss)/profit of associates. We acquired equity investments with respect to a 34.94% equity interest in Tianjin Technology, formerly known as Jinneng Mingyang, in February 2009 and acquired the remaining equity interest in Tianjin

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Technology in October 2012, a 33.0% equity interest in Inner Mongolia Equipment, in September 2010, and a 37.0% equity interest in Huaneng Mingyang, in November 2012. Our share of profit relating to Tianjin Technology was RMB1.3 million for the first ten months of 2012. Our share of loss relating to Inner Mongolia Equipment was RMB8.7 million and our share of profit relating to Huaneng Mingyang was nil in 2012, respectively. Our share of profit relating to Tianjin Technology and Inner Mongolia Equipment amounted to RMB1.5 million and RMB0.8 million in 2011, respectively.

(Loss)/profit before income tax expense. As a result of the foregoing, we recorded loss before income tax expense of RMB300.6 million for the year ended December 31, 2012, compared to profit before income tax expense of RMB365.3 million for the year ended December 31, 2011.

Income tax expense. We incurred income tax expense in the amount of RMB0.2 million for the year ended December 31, 2012, as compared to RMB73.0 million for the year ended December 31, 2011. The effective tax rate differed from PRC statutory enterprise income tax rate mainly due to the effect of unrecognized deferred tax assets in respect of unused tax losses and other temporary difference, as well as the preferential income tax rate of certain subsidiaries that are qualified as “advanced and new technology enterprises.”

(Loss)/profit for the year. As a result of the foregoing factors, we incurred loss of RMB300.8 million for the year ended December 31, 2012, representing a negative operating margin of 10.4%, as compared to profit of RMB292.3 million for the year ended December 31, 2011, representing a net operating margin of 5.3%.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

Following is a summary of our net cash flows for the years indicated:

	Year Ended December 31,			
	2011	2012	2013	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash (used in)/generated from operating activities	(362,742)	(404,670)	516,630	85,341
Net cash used in investing activities	821,561	1,035,057	176,590	29,171
Net cash generated from/(used in) financing activities	40,547	1,419,832	(835,641)	(138,038)
Net decrease in cash and cash equivalents	1,146,476	19,802	507,846	83,890
Cash and cash equivalents at end of year	1,339,496	1,319,694	811,848	134,108

As of December 31, 2013, we had working capital of RMB1,024.1 million (US\$169.2 million). We believe that our current cash and cash flow generated from operations, bank loans borrowed from commercial banks, the proceeds we received from our initial public offering, and our ability to obtain external financing in the future, will generate sufficient cash to meet our anticipated cash needs, including our cash needs for working capital, research and development expenditures and capital expenditures for the foreseeable future. We may require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash resources are insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from banks. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would result in additional dilution to our shareholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business, operations and prospects may suffer. As of December 31, 2013, we have unutilized bank facilities of approximately RMB1,074.1 million (US\$177.4 million).

As of December 31, 2013, we had RMB811.8 million (US\$134.1 million) in cash, RMB246.6 million (US\$40.7 million) in restricted cash, RMB1,283.1 million (US\$211.9 million) in outstanding short-term borrowings and RMB104.0 million (US\$17.2 million) in long-term borrowings. Our outstanding short-term borrowings from banks as of December 31, 2013 were RMB981.9 million (US\$162.2 million), and bore a weighted-average interest rate of 7.37%. Such borrowings were made principally to China Construction Bank, Guangdong Development Bank, Agricultural Bank of China, Industrial and Commercial Bank of China, Bank of China, China Everbright Bank and Rural Commercial Bank. Our short-term borrowings from banks have a term of less than one year and expire at various times throughout the year. We have negotiated renewal of certain of these borrowings shortly before they mature. Our outstanding long-term borrowings bore varying interest rates of 5.40% to 14.50% and will mature from August 2016 to December 2017.

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Our customers make payments in installments. We generally require that the customer make a prepayment of approximately 10% of the sale price of the wind turbines within one month after the signing of the sales contract; a second payment of approximately 10% to 20% of the sale price within three months after the signing of the sales contract; upon their receipt of evidence of supply contracts that we have entered into to fulfill the sales contract, payments of approximately 30% to 60% of the sale price of the delivered wind turbines within one month after each scheduled delivery; a payment of approximately 5% to 30% of the sale price of the wind turbines within one month after the wind turbines are installed and have passed the durability test. The final 5% to 10%, if any, of the sale price is retained by our customers and payable within one month after the end of the warranty period, which normally lasts for two to six years after the turbines pass the durability test.

Due to the high unit prices of our wind turbines, we usually maintain a high trade receivable balance and our trade receivables are collected over a long period, in accordance with industry practice and contract negotiations. As of December 31, 2011, 2012 and 2013, our trade receivable balance (after allowance for doubtful debts and including trade receivables from Mingyang Electrical), was RMB4,655.9 million, RMB4,571.8 million and RMB4,249.9 million (US\$702.0 million), respectively. The average turnover days of our trade receivables were 242 days, 596 days and 550 days for 2011, 2012 and 2013, respectively. The significant increase in average turnover days from 2011 to 2012 was primarily due to the inability of our customers to obtain funding from financial institutions in a timely manner, resulting from the tightened monetary policy adopted by PRC government which delayed the approval of loan applications of such customers. The increase was also attributable to a lower portion of down payments collected from our customers in response to severe competition in wind power industry in China. In addition, since most of our customers are state-owned enterprises and payments made by these customers are subject to complex internal approval procedures. These customers usually do not start internal payment applications until they receive the payment requirement from us. The internal procedures, however, usually take several months, which further delay their payments to us. We expect to improve our working capital by extending the credit terms granted to us by our suppliers through negotiation and by obtaining additional financing from financial institutions. The decrease in average turnover days from 2012 to 2013 was primarily due to our effort in accelerating the collection of trade receivables.

In January 2012, Guangdong Mingyang, one of our primary operating subsidiaries, issued RMB1.0 billion Renminbi-denominated unsecured three-year medium-term notes that mature on January 12, 2015 and bear a fixed annual coupon rate of 8.5%. The proceeds from the notes were mainly used to enhance our working capital.

Operating Activities

Net cash generated from operating activities for the year ended December 31, 2013 was RMB516.6 million (US\$85.3 million), consisting primarily of (i) an increase in trade and other payables of RMB414.2 million (US\$68.4 million) due to our ability to negotiate for longer payment terms with our suppliers, (ii) an increase in deferred revenue of RMB236.4 million (US\$39.1 million) resulting from a higher volume of wind turbines delivered but not yet recognized revenue, and (iii) a decrease in trade and other receivables of RMB113.9 million (US\$18.8 million) due to our ability to accelerate the collection of trade and other receivables, partially offset by an increase in inventories of RMB224.5 million (US\$37.1 million).

Net cash used in operating activities for the year ended December 31, 2012 was RMB404.7 million, consisting primarily of (i) a decrease in trade and other payables of RMB1,121.3 million resulting from the settlement of bills payable for purchase of raw materials, which were issued in 2011, and (ii) an increase in prepayments of RMB77.8 million, partially offset by (i) a decrease in trade and other receivables of RMB635.6 million, and (ii) an increase in deferred income of RMB144.9 million.

Net cash used in operating activities for the year ended December 31, 2011 was RMB362.7 million, consisting primarily of (i) an increase in trade and other receivables of RMB2,534.2 million as we commissioned and recognized revenue for more wind turbines and (ii) an increase in income tax paid of RMB135.4 million, partially offset by (i) an increase in trade and other payables of RMB1,064.1 million, (ii) a net profit from operations of RMB292.3 million and (iii) an increase in deferred revenue of RMB174.8 million resulting from a higher volume of wind turbines delivered but not yet recognized revenue.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2013 was RMB176.6 million (US\$29.2 million) consisting primarily of cash used in (i) loans made to related parties of RMB285.0 million (US\$47.1 million), (ii) investments made in several joint ventures of RMB138.0 million (US\$22.8 million), (iii) purchase of property, plant and equipment of RMB89.1 million (US\$14.7 million), (iv) loans made to third parties of RMB68.4 million (US\$11.3 million), and (v) the advances made to related parties of RMB38.8 million (US\$6.4 million), partially offset by cash generated from (i) the proceeds from sale of financial assets at fair value through profit or loss of RMB223.2 million (US\$36.9 million), (ii) the proceeds from sale of investments in joint ventures of RMB94.8 million (US\$15.7 million), (iii) the collection of advances made to related parties of RMB69.6 million (US\$11.5 million), (iv) the interest received of RMB48.0 million (US\$7.9 million), and (v) the proceeds from sale of property, plant and equipment of RMB9.7 million (US\$1.6 million).

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Net cash used in investing activities for the year ended December 31, 2012 was RMB1,035.1 million, consisting primarily of cash used in (i) investments made in several joint ventures of RMB423.0 million, (ii) the purchase of financial assets at fair value through profit or loss of RMB190.7 million, (iii) the purchase of property, plant and equipment of RMB148.2 million, (iv) loans made to third parties of RMB147.0 million, (v) the payment for acquisition of subsidiaries of RMB89.0 million, and (vi) the advances made to related parties of RMB108.4 million, partially offset by cash generated from (i) the collection of loan made to third parties of RMB48.0 million, (ii) the proceeds from sale of investments in a joint ventures joint venture of RMB40.0 million and (iii) interest received from banks of RMB28.0 million.

Net cash used in investing activities for the year ended December 31, 2011 was RMB821.6 million, consisting primarily of cash used in (i) investments made in several joint ventures of RMB246.6 million, (ii) the purchase of property, plant and equipment of RMB203.9 million, (iii) the payment of lease prepayments of RMB133.8 million with respect to the land use rights we acquired in Zhongshan, Guangdong Province, and (iv) an increase in pledged bank deposits of RMB120.8 million resulting from the increasing deposits required by commercial banks to issue the bills payable required by our suppliers, partially offset by cash generated from (i) the interest of RMB20.6 million received from banks, and (ii) the collection of advances made to related parties of RMB20.5 million.

Financing Activities

Net cash used in financing activities for the year ended December 31, 2013 was RMB835.6 million (US\$138.0 million), consisting primarily of cash used in repayments of bank and other loans of RMB1,277.3 million (US\$211.0 million) and interest paid for such loans in the amount of RMB272.9 million (US\$45.1 million), partially offset by (i) proceeds from bank and other loans of RMB655.4 million (US\$108.3 million) and (ii) proceeds from borrowings from related parties of RMB69.5 million (US\$11.5 million).

Net cash generated from financing activities for the year ended December 31, 2012 was RMB1,419.8 million, consisting primarily of (i) proceeds from bank and other loans of RMB1,262.8 million, (ii) proceeds from the issuance of medium-term notes of RMB1,000.0 million and (iii) proceeds from borrowings from related parties of RMB139.7 million, partially offset by (i) repayment of bank and other loans of RMB851.9 million, (ii) interest paid of RMB57.0 million and (iii) repayment of borrowings from related parties of RMB12.8 million.

Net cash generated from financing activities for the year ended December 31, 2011 was RMB40.5 million, consisting primarily of proceeds from short-term bank loans of RMB842.9 million, partially offset by (i) repayments of short-term bank loans of RMB690.9 million and interest paid for such bank loans in the amount of RMB47.8 million, (ii) fees paid to a bank for the arrangement of lease financing services for our customers for the settlement of our trade receivables in the amount of RMB69.6 million and (iii) the cash used in the repurchase of our ADSs of RMB42.1 million.

Our working capital requirements vary from period to period depending on manufacturing volumes, the timing of deliveries, our payment cycles to our suppliers and the payment cycles of our customers.

Holding Company Structure

We are a holding company with no operations of our own. We conduct our operations in China primarily through our subsidiaries established in China. As a result, we rely on dividends paid by our PRC subsidiaries for our cash needs, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our PRC subsidiaries that is a domestic company is also required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve fund until the accumulative amount of such reserves reach 50% of its respective registered capital. As of December 31, 2013, the accumulated profits of our PRC subsidiaries, on a consolidated basis under PRC accounting standards, that were unrestricted and were available for distribution amounted to RMB425.5 million (US\$70.3 million). Our restricted reserves are not distributable as cash dividends. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Furthermore, cash transfers from our PRC subsidiaries to their parent companies outside of China are subject to PRC government control of currency conversion. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental control of currency conversion may affect the value of your investment.”

Capital Expenditures

We had capital expenditures of RMB203.9 million, RMB148.2 million and RMB89.1 million (US\$14.7 million) for the years ended December 31, 2011, 2012 and 2013, respectively. In 2013, our capital expenditures were primarily used to purchase of production machinery and equipment as well as the development of a wind farm in Inner Mongolia. In 2012, our capital expenditures were used primarily to acquisitions of property titles and equipment. In 2011, our capital expenditures were used primarily to acquisitions of land use rights, property titles and equipment. We incurred RMB20.4 million, RMB22.5 million and RMB52.6 million (US\$8.7 million) to acquire intangible assets in 2011, 2012 and 2013, respectively. The expenditures to acquire intangible assets of RMB52.6 million (US\$8.7 million) in 2013 were primarily relating to the license fees for 6.0MW SCD wind turbines we paid to aerodyn Asia. We incurred RMB133.8 million, RMB33.3 million and RMB3.4 million (US\$0.6 million) to acquire land use rights for the years ended December 31, 2011, 2012 and 2013, respectively.

We expect our capital expenditures to increase in the future as we implement a business expansion program to capture what we believe to be an attractive market opportunity for our wind turbines. We expect to spend approximately RMB100.0 million (US\$16.5 million) in the year ending December 31, 2014 in capital expenditures mainly for purchase of production machinery and equipment. We plan to fund the balance of our capital expenditure requirements for 2014 with cash on hand, cash from operations, equity offerings and other forms of financing, if necessary.

C. *Research and Development, Patents and Licenses, etc.*

See “Item 4.B. Business Overview — Research and Development Capabilities and Technology Partnership” and “Item 4.B. Business Overview — Intellectual Property.”

D. *Trend Information*

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period for the current fiscal year that are reasonably likely to have a material and adverse effect on our revenue, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. *Off-Balance Sheet Arrangements*

In August 2011, Guangdong Mingyang entered into a maximum guarantee agreement with Rudong branch of Industrial and Commercial Bank of China, under which Guangdong Mingyang provided guarantees for credit facilities drawn by Jiangsu Mingyang with a maximum potential liability of RMB30.0 million. The guarantee agreement has a term of two years commencing from August 29, 2013, the due date of the underlying credit facilities. The guarantee had been released as of the date of this annual report.

In August 2011, Jilin Mingyang entered into a maximum guarantee agreement with Zhongshan branch of China Construction Bank under which Jilin Mingyang provided guarantees for credit facilities drawn by Guangdong Mingyang with a maximum potential payment obligation of RMB1.3 billion. The term of this guarantee agreement is from the date of the facility drawdown by Guangdong Mingyang to two years after the time limit for performance of the borrowings by Guangdong Mingyang under its original facility agreement expires. In December 2012, the guarantee agreement was extended and has a term of two years commencing from December 31, 2015, the due date of the underlying credit facilities.

In October 2011, Guangdong Mingyang entered into another maximum guarantee agreement with Jilin branch of Industrial and Commercial Bank of China, under which Guangdong Mingyang provided guarantees for credit facilities drawn by Jilin Mingyang with a maximum potential payment obligation of RMB150.0 million. The guarantee agreement has a term of two years commencing from October 8, 2014, the due date of the underlying credit facilities. No guarantee fees were received for providing the guarantees to the banks.

In September 2012, Guangdong Mingyang made a deposit of RMB24.0 million with China Development Bank (“CDB”), as a guarantee for Zhongdan Ruihao’s bank loan from CDB. To mitigate the risk exposure, Guangdong Mingyang received the same amounts from Zhongdan Ruihao.

In January 2013, Guangdong Mingyang made a deposit of RMB20.6 million with CDB, as a guarantee for Daqing Dumeng’s bank loan from CDB. To mitigate the risk exposure, Guangdong Mingyang received the same amounts from Daqing Dumeng.

Other than the above, we have no outstanding financial guarantees or other commitments to guarantee the payment obligations of our related parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s

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equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us. There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to you and other investors.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations at December 31, 2013:

	Contractual Obligations				Total RMB
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	
	RMB	RMB	RMB	RMB	
	(in thousands)				
Operating lease commitments	6,196	1,309	—	—	7,505
Capital commitments	174,276	—	—	—	174,276
Purchase commitments ⁽¹⁾	2,299,492	—	—	—	2,299,492
Short-term bank and other loans	1,338,534	—	—	—	1,338,534
Long-term bank loans	16,038	90,857	27,822	—	134,717
Bond payable ⁽²⁾	—	1,085,000	—	—	1,085,000
Total	3,834,536	1,177,166	27,822	—	5,039,524

(1) Includes the total amount of licensing fee of €2.9 million (RMB24.4 million) relating to the 6.0MW SCD wind turbine technologies to be paid to aerodyn Asia as of December 31, 2013.

(2) Represents the RMB1.0 billion Renminbi-denominated unsecured three-year medium-term notes issued by Guangdong Mingyang in January 2012, including interest to be paid at a fixed annual coupon rate of 8.5%.

G. Safe Harbor

See “Special Note Regarding Forward-looking Statements.”

Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Name	Age	Position
Chuanwei Zhang ⁽¹⁾	52	Chairman of the board of directors and chief executive officer
Song Wang ⁽¹⁾	50	Director and senior vice president in charge of overseas markets and technology application
Leo Austin ⁽¹⁾⁽²⁾⁽³⁾	42	Independent director
Cole R Capener ⁽¹⁾	60	Independent director
Dabing Zhou ⁽²⁾⁽³⁾	69	Independent director
Stephen Markscheid ⁽²⁾	60	Independent director
Calvin Lau	45	Chief financial officer
Xueyong Zhao ⁽³⁾	50	Director and president
Jinfa Wang	50	Senior vice president in charge of general administration, human resources and government resources
Renjing Cao	45	Chief technology officer
Jiawan Cheng	51	Chief operation officer
Xianzhong Zhang	52	Vice president in charge of SCD industrialization
Yunshan Jin	50	Vice president in charge of domestic sales and marketing
Pu Yang	42	Vice president in charge of marketing and marketing director
Yuanfeng Fan	45	Vice president in charge of investment, financing, cost and capital control
Limin Wang	47	Vice president in charge of EPC
Ronghua Zhu	37	Vice president in charge of offshore engineering
Qiyang Zhang	36	Vice president in charge of engineering and research and development
Guowen Huang	44	Assistant to the president
Jianjun Liu	39	Executive assistant to the chief executive officer, general manager in charge of strategic development

(1) Corporate governance and nominating committee members

(2) Audit committee members

(3) Compensation committee members.

Mr. *Chuanwei Zhang* founded our company in June 2006 and has served as our chairman and our executive officer since then. Mr. Zhang founded Mingyang Electrical Appliances in 1993 and served as its general manager. He founded Mingyang Electrical in 1995 and served as its general manager until October 2007. Prior to founding Mingyang Electrical, Mr. Zhang served as a general manager in charge of the overall strategy, management and administration of the company at Zhuhai Fengze Electrical Appliance Co., Ltd., a Sino-foreign joint venture that develops and sells high voltage switch cabinets, from 1990 to 1993. From 1988 to 1990, Mr. Zhang served as an assistant factory manager and office manager in charge of general operation at the General Factory of High Voltage Switches located in Xinyang City, Henan Province, China. Mr. Zhang has also served as the chairman of the board of directors of several related companies, including Mingyang Longyuan, a company that manufactures renewable energy equipment, since 2004, Mingyang Energy Investment since 2007, Mingyang New Energy since 2008 and REnergy since 2008. In addition, Mr. Zhang has served as a director at Guodian Zhongshan Natural Gas Power Generation Co., Ltd., a natural gas power producer, since August 2005. He is currently the executive chairman of Zhongshan Chamber of Industry & Commerce, chairman of Guangdong Electric Industry Association and vice director of Zhongshan Foreign Affair Association. Mr. Zhang received his bachelor's degree from News College of Chongqing City in 1984 and a master's degree in business administration from a joint program by Hong Kong Baptist University and Sun Yat-sen University in December 2002.

Mr. *Song Wang* joined us in 2006 and has served as our director since August 2010. He has served as senior vice president in charge of overseas markets since October 2010 and our senior vice president in charge of technology application since February 2012. He had been in charge of technology development, marketing and sales services from 2006 to October 2010. He has served as our director since August 2010. Prior to joining us, Mr. Wang served as a general manager of a subsidiary of China Huaneng Group, a large Chinese state-owned electric power producer, that engages in the manufacturing of electric and automation systems from 1999 to 2006. From 1987 to 1998, Mr. Wang served as a manager at National Academy of Metallurgical and Automation, an institution focused on the automation and electric control technologies, where he was a research and development engineer and also took charge of research and development projects and marketing activities. Mr. Wang received his bachelor's degree in engineering from Hunan University in 1984 and his master's degree in engineering from National Academy of Metallurgical and Automation in 1987. Mr. Wang is one of the ten experts recognized by the national Ministry of Science and Technology on the Large Capacity Wind Turbine Development Team, which is part of China's Eleventh Five-Year Plan efforts.

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Mr. *Leo Austin* is a partner with Augus Partners, a Beijing-based corporate advisory firm. Prior to joining Augus Partners, Leo was a principal with Incubasia Inc, a venture capital firm based in Hong Kong. Leo started his China career as senior product manager with Bass Brewers in Beijing and Jilin. Prior to coming to China, he was an associate consultant with LEK Consulting in London. Leo has a master's degree in Modern History and Economics from Oxford University.

Mr. *Cole R Capener* has been a member of the board of directors and audit committee of BMW-Brilliance Automotive Co. Ltd, BMW's joint venture automobile manufacturing company in China, since its inception in 2003. Mr. Capener obtained his Juris Doctorate, with honors, from the George Washington University National Law Center, and his bachelor of arts degree in political science (magnacum laude/phi beta kappa) from the University of Utah. From 1986-2001, initially as an associate and then as a partner with the international law firm of Baker & McKenzie, Mr. Capener advised on numerous cross border merger & acquisitions and foreign direct investment transactions in China. Over the last eight years, Mr. Capener has taught Chinese graduate students at Fudan University in Shanghai and Tsinghua University in Beijing.

Mr. *Dabing Zhou* has served as our independent director since August 2010. Mr. Zhou was the deputy chairman of board of directors of China Gezhouba (Group) Corporation from 1994 to 1996 and the general manager of Sinahydro Corporation, formerly known as China National Water and Hydropower Engineering Corporation, in 1996. From 1997 to 1999, Mr. Zhou was the general manager of China Anneng Construction Corporation, the deputy general manager of National Power Corporation of China, the predecessor of China Guodian Corporation, from 1999 to 2002, and the deputy manager of China Guodian Corporation from 2002 to 2008. Mr. Zhou received his bachelor's diploma in ocean engineering and hydrology from Hohai University, formerly known as East China Institute of Water Resources in 1968. Mr. Zhou is also currently the president of China Society for Hydropower Engineering and the vice president of National Committee on Large Dams of China.

Mr. *Stephen Markscheid* has served as our independent director since June 2011 and chairman of our audit committee since February 2013. Mr. Markscheid has been the chief executive officer of Synergiz BioScience Inc. since 2007. He has also been a member of the investment committee of Emerald Hill Capital Partners since 2006, CNinsure, Inc. since 2007, Jinko Solar, Inc. since 2009, China Energy Corporation since 2010, China Integrated Energy Corporation and China East Education Corporation since 2011. Mr. Markscheid was previously a representative of the US-China Business Council from 1978 to 1983, a vice president of Chase Manhattan Bank from 1984 to 1988, a vice president of First Chicago Bank from 1988 to 1993, a case leader of Boston Consulting Group from 1994 to 1997, a director of business development of GE Capital (Asia Pacific) from 1998 to 2001, a senior vice president of GE Healthcare Financial Services from 2003 to 2006, and the chief executive officer of HuaMei Capital Company, Inc. from 2006 to 2007. Mr. Markscheid received his bachelor's degree in East Asian studies from Princeton University in 1976, a master's degree in international affairs and economics from Johns Hopkins University in 1980 and an MBA degree from Columbia University in 1991.

Mr. *Calvin Lau* joined us in January 2011 and served as our chief financial officer and vice president of overseas investment since June 2013. Mr. Lau has extensive working experience in investor relations and acted as financial officer roles in the renewables and semiconductor sectors, including Daqo New Energy Corp. (NYSE: DQ), Cathay Pigments Holdings Ltd. and Semiconductor Manufacturing International Corporation (NYSE: SMI) before joining us. Mr. Lau received his bachelor's degree in electronic engineering from University of Southampton, U.K. in 1990 and a master's degree in business administration from London Business School, U.K. He is also an Associated Chartered Management Accountant and Chartered Global Management Accountant.

Mr. *Xueyong Zhao* has been our president in charge of research and development, manufacturing operations, overseas market development and human resources management since February 2013 and our director since April 2013. Prior to joining us, Mr. Zhao served as the director of product development and technology in China at Bosch Rexroth AG from 2008 to 2012, primarily in charge of developing market strategies and overseeing the operations of the wind power business unit in China. From 2004 to 2007, he was the deputy director of research and development at Eickhoff GmbH, Specializing in wind turbine drive systems and was involved in the research and development projects of various wind turbine drive systems. Mr. Zhao obtained his bachelor's degree in engineering mechanics in 1987 and a master's degree in hydraulic structure engineering in 1990 from Tianjin University in China. He also had a Ph.D degree from Chemnitz University of Technology in Germany in 2004, specializing in wind turbine power generation.

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Mr. *Jinfa Wang* joined us in 2008 and has served as our senior vice president in charge of general administration, human resource and government resources since February 2012 and was in charge of SCD industrialization and government resources from January 2011 to February 2012. He was our senior vice president in charge of general administration and human resources from 2008 to January 2011. Prior to joining us, Mr. Wang served as a deputy general manager of Mingyang Electrical from 2000 to 2008. From 1998 to 1999, Mr. Wang served as a deputy general manager in charge of technology development, quality control and manufacturing at Henan Xinkai Electrical Appliance Co., Ltd., a company that manufactures mid to low voltage electricity transmission system. From 1986 to 1997, Mr. Wang served as a factory manager in charge of general operation at the vacuum switch branch of General Factory of High Voltage Switches. Mr. Wang received his bachelor's degree in engineering from Luoyang Institute of Technology in 1986. Mr. Wang was recognized as a senior engineer by the Personnel Department of Henan Province in 1997.

Mr. *Renjing Cao* joined us in 2006 and has served as our chief technology officer in charge of research and development since then. Prior to joining us, he completed his post-doctoral researches in Seoul National University, Universidad Politecnica de Catalunya and Ghent University from 1997 to 2000. Mr. Cao served as an associate professor at Nanjing University of Aeronautics and Astronautics and Xiamen University from 2004 to 2006, a visiting professor at Korea Advanced Institute of Science and Technology from 2003 and 2004 and a visiting professor at Ecole Nationale Supérieure d'Arts et Métiers from 2004 to 2006. From 2001 to 2003, Mr. Cao was a research fellow at Hong Kong Polytechnic University, where he was involved in aerodynamics and aero-acoustic related research projects. Mr. Cao received his bachelor's degree in engineering from Nanjing University of Aeronautics and Astronautics in 1990 and his master's degree and Ph.D degree in engineering from Beijing University of Aeronautics and Astronautics in 1993 and 1996, respectively. He is also a committee member of the National Standardization Technical Committees on Wind Power Equipment. Mr. Cao has been awarded several prizes for his researches, including Beijing Science and Technology Award, Guangdong Province Science and Technology Awards and Zhongshan City Science and Technology Award.

Mr. *Jiawan Cheng* joined us in 2008 and has been our chief operation officer since March 2013. Prior to that, he was our vice president in charge of new business model development since February 2012. He served as the vice president of Mingyang Blade from June 2008 to September 2008 and was concurrently our vice president in charge of procurement and production from September 2008 to December 2009. Prior to joining us, Mr. Cheng served as the general manager in charge of wind turbine commissioning and installation and technology development at Nantong Kailian Wind Power Company, a wind turbine manufacturer, from 2004 to 2008. From 1998 to 2004, Mr. Cheng served as a deputy general manager in charge of equipment procurement at Huaxin Cement Retail Company. From 1993 to 1998, Mr. Cheng served as a manager in charge of equipment procurement and commissioning at Huaxin Cement Company Limited. Mr. Cheng received his bachelor's degree in engineering from Wuhan University of Technology in 1984. Mr. Cheng is one of the ten experts recognized by the national Ministry of Science and Technology on the Large Capacity Wind Turbine Development Team, which is part of China's Eleventh Five-Year Plan efforts.

Mr. *Xianzhong Zhang* joined us in 2008 and has served as our vice president in charge of SCD industrialization since February 2012 and was in charge of market resources development from October 2010 to January 2012. He was our vice president in charge of quality control and product technology from 2008 to October 2010. Prior to joining us, Mr. Zhang served, from 1982 to 2008, as a vice chairman of the board of directors and a deputy general manager in charge of research and development and quality control of Hubei Jiangshan Industry Company, a company that develops, designs and manufactures heavy industrial machinery and the general manager of Hubei Jiangshan Vehicle Gear Boxes Co., Ltd. concurrently. Mr. Zhang received his bachelor's degree in engineering from Nanjing University of Science and Technology in 1982 and his MBA diploma from Peking University in 2005.

Mr. *Yunshan Jin* has served as our vice president in charge of domestic sales and marketing since 2008. Prior to joining us, Mr. Jin served as a vice president in charge of marketing at Mingyang Electrical from 1997 to 2008. From 1993 to 1997, he was the vice president in charge of quality control and marketing at Mingyang Electrical Appliances. From 1990 to 1993, Mr. Jin was a deputy factory director in charge of marketing at Henan Xinyang Machinery and Equipment Factory. Mr. Jin received his bachelor's degree in modern economic management from Beijing Economics & Management Correspondence Institute in 1988. He is currently studying for his MBA degree at Sun Yet-sen University.

Mr. *Pu Yang* joined us in October 2001 and has served as our vice president of marketing and marketing director since November 2013. He had worked as the marketing director, marketing associate director and president assistant of Mingyang Wind Power from 2008 to 2013. Prior to that, he served as the vice president of marketing, the manager of customer service, the manager assistant of human resource and the supervisor of warehouse of Mingyang Electrical Appliance between 2002 and 2008. Mr. Yang received his bachelor's degree in Chinese literature from Henan University.

Mr. *Yuanfeng Fan* joined us in December 2010 and has served as our vice president, in charge of investment, financing, cost and capital control of our Group since August 2013. He had worked as the president assistant and capital management director of Mingyang Electrical Appliance from 2012 to 2013. Prior to that, he served as the director of Zhongshan, Dongfeng Sub-branch of China Construction Bank between 2009 to 2010. Mr. Fan received his bachelor's degree in geographical education from Henan University.

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Mr. *Limin Wang* joined us in September 2013 and has served as our vice president since then. Prior to joining us, he served as the general manager of Heilongjiang Branch of CGN Wind Power Co., Ltd. from 2009 to 2011 and was promoted to the general manager of engineering business department and planning and operation department as well as the board secretary in 2011. Mr. Wang served as the general manager and vice general manager of Guohua Electric Power (Qiqihaer) Wind Power Co., Ltd. and Guohua Electric Power Heilongjiang Jubao Industrial Co., Ltd. from 1999 to 2009. Mr. Wang graduated from MBA program from Tsinghua University in 2005. He received his EMBA degree from New Zealand Phoenix International University in 2006. Prior to that, he worked at Heilongjiang Province Local Coal Industrial (Group) Company from 1994 to 1998. Mr. Wang obtained his bachelor's degree in mining engineering from China University of Mining and Technology.

Mr. *Ronghua Zhu* joined us in 2011 and has served as our vice president of engineering since then. In February 2013, Mr. Zhu became our assistant president. Prior to joining us, he was the manager of Great China Offshore Technology Center in China in American Bureau of Shipping from 2010 to 2011, and worked as the offshore engineer in the United States in the same company from 2007 to 2008. During 2005 and 2006, he served as the engineering manager in Trianorglass & Doralco in the United States. In 2006, Mr. Zhu received his Ph.D. in structure and material engineering from the University of Akron. Meanwhile, he was the structure engineer in the University of Akron from 2003 to 2006. In 2003, he received his master's degree in structure engineering from Dalian University of Technology. Mr. Zhu served as structure engineer in China Academy of Building Research from 2001 to 2002. He received his bachelor's degree in civil engineering from Dalian University of Technology in 2000.

Mr. *Qiyang Zhang* joined us in February 2014 and has served as the vice president of engineering and research and development. Prior to joining us, he served as the chief technology director of Guodian United Power Technology Co., Ltd. Mr. Zhang was a project manager and the technology assistant to the president of aerodyne Enegiesysteme GmbH Shanghai Representative from 2006 to 2011. Mr. Zhang has extensive working experience in wind turbine design and development. Mr. Zhang received his bachelor's degree in automotive engineering and a master's degree in automotive engineering from Tongji University in 2000 and 2003, respectively. Mr. Zhang is currently studying for his doctor's degree in structure dynamics in Tongji University.

Mr. *Guowen Huang* joined us in 2009 and has been our director of human resources since then and appointed as the assistant to president since 2014. From 2004 to 2009, he served as the assistant president and administrative director of Zhongshan Lanju Daily Chemical Industrial Co., Ltd. From 2003 to 2004, he was served as the assistant president in Shenzhen Qintianjin Co., Ltd. and from 1991 to 2001, he was served in Zhongshan branch of Bank of China. Mr. Huang was graduated from Wuhan University in 1991 and received MBA degree from Sun Yat-Sen University in 2003.

Mr. *Jianjun Liu* joined us in April 2007 and has served as our executive assistant to the chief executive officer and general manager of strategic development since April 2014, and the general manager in charge of strategic development since 2011. He was previously the assistant director of our legal and finance departments since 2007. Prior to joining us, Mr. Liu served as an auditor and auditing manager of Guangodng Kangyuan Accounting Firm from 2004 to 2007. Mr. Liu is a certificated public accountant of China Institute and has obtained the certificate of legal profession qualification in China.

The address of our directors and executive officers is c/o Jianye Road, Mingyang Industry Park, National Hi-Tech Industrial Development Zone, Zhongshan, Guangdong 528437, People's Republic of China.

B. Compensation

Compensation of Directors and Executive Officers

In 2013, the aggregate cash compensation, including basic salary and bonus and other benefits, to our executive directors and key management personnel as a group was RMB28.0 million (US\$4.6 million). No pension, retirement or similar benefits have been set aside or accrued for our executive officers over the same period.

See “— 2010 Equity Incentive Plan” below for more details.

2010 Equity Incentive Plan

Our 2010 equity incentive plan was adopted by our shareholders on August 31, 2010. Our equity incentive plan provides for the grant of options, share appreciation rights or other stock-based awards, referred to as “Awards.” The purpose of the plan is to aid us in recruiting and retaining key employees, directors or consultants and to motivate such persons to exert their best efforts on behalf of our company by providing incentives through the granting of Awards. Our board of directors believes that our company will benefit from the added interest that such persons will have in the welfare of the company.

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On September 30, 2010, we granted options with an exercise price of US\$8.40 to purchase an aggregate of 4,600,000 ordinary shares under our 2010 equity incentive plan to certain of our directors, officers and other employees. Our compensation committee approved an amendment to our 2010 equity incentive plan on August 27, 2013. Subject to the amendment, the exercise price was adjusted to US\$1.29 effective on September 1, 2013. On the same day, we granted an additional 1,840,000 options to purchase our ordinary shares with an exercise price of US\$1.29. As of the date of this annual report, the number of total outstanding options granted under our 2010 equity incentive plan was 4,805,900. In addition, in January 2013, we issued 600,000 ordinary shares from our treasury shares to one of our then senior management as awards to his past service. Consequently, we incurred share-based compensation expenses in connection with these grants in the amount of RMB112.5 million, RMB42.9 million and RMB33.2 million (US\$5.5 million) for the years ended December 31, 2011, 2012 and 2013, respectively. We have no service contracts with any of our directors providing for benefits upon termination of employment.

Termination of Awards

Options have specified terms set forth in a share option agreement. If the recipient's employment with the company is terminated for any reason, the recipient's vested options shall remain exercisable subject to the provisions of the plan and the option agreement and the recipient's unvested options shall terminate without consideration. If the options are not exercised or purchased by the last day of the exercise period, they will terminate.

Administration

Our 2010 equity incentive plan is administered by the compensation committee of our board of directors. Our compensation committee is authorized to interpret the plan, to establish, amend and rescind any rules and regulations relating to the plan and to make any other determinations that it deems necessary or desirable for the administration of the plan. Our compensation committee will determine the provisions, terms and conditions of each award consistent with the provisions of the plan, including, but not limited to, the exercise price for an option, vesting schedule, forfeiture provisions, form of payment of exercise price and other applicable terms.

The term of options granted under the 2010 equity incentive plan may not exceed five years from the date of grant. The consideration to be paid for our ordinary shares upon exercise of an option or purchase of shares underlying the option may include cash, check or other cash-equivalent, consideration received by us in a cashless exercise and, to the extent permitted by our board of directors or the compensation committee and subject to the provisions of the option agreement, ordinary shares or a combination of ordinary shares and cash or cash-equivalent.

Change in Control

If a third-party acquires us through the purchase of all or substantially all of our assets, a merger or other business combination or if during any two consecutive year period individuals who at the beginning of such period constituted the board of directors cease for any reason to constitute a majority of our board of directors, then, if so determined by our board of directors or the compensation committee with respect to the applicable award agreement or otherwise, any outstanding awards that are unexercisable or otherwise unvested or subject to lapse restrictions will automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such change in control. Our board of directors or the compensation committee may also, in its sole discretion, decide to cancel such awards for fair value, provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected awards previously granted or provide that affected options will be exercisable for a period of at least 15 days prior to the change in control but not thereafter.

Amendment and Termination of Plan

Our board of directors may at any time amend, alter or discontinue our 2010 equity incentive plan. Amendments or alterations to our 2010 equity incentive plan are subject to shareholder approval if they increase the total number of shares reserved for the purposes of the plan or change the maximum number of shares for which awards may be granted to any participant. Any amendment, alteration or termination of our 2010 equity incentive plan must not adversely affect awards already granted without written consent of the recipient of such awards. Unless terminated earlier, our 2010 equity incentive plan will continue in effect for a term of five years from the date of our board of directors approves the plan.

Our compensation committee approved an amendment to our 2010 equity incentive plan on August 27, 2013. Subject to the amendment, the exercise price was adjusted to US\$1.29 effective on September 1, 2013. On the same day, we granted an additional 1,840,000 options to purchase our ordinary shares with an exercise price of US\$1.29. As of the date of this annual report, the number of total outstanding options granted under our 2010 equity incentive plan was 4,805,900. In addition, in January 2013, we issued 600,000 ordinary shares from our treasury shares to one of our then senior management as awards to his past service.

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Authorized and Granted Awards

Our board of directors and shareholders authorized the issuance of up to 5,000,000 ordinary shares upon exercise of awards granted under our 2010 equity incentive plan. On September 30, 2010, we granted options to purchase an aggregate of 4,600,000 ordinary shares under our 2010 equity incentive plan to certain of our directors, officers and other employees. Such options have an exercise price of US\$8.40, or 60% of the price to public of US\$14.00, per ADS, each representing one ordinary share, and are subject to a four-year vesting schedule with 25% vesting on each of the first, second, third and fourth anniversary of the grant date, and will terminate no later than five years from their grant date. On September 1, 2013, we amended our 2010 equity incentive plan by increasing the total number of shares issuable under the plan to 13,153,897, which may consist, in whole or in part, of authorized and unissued Shares, or Shares purchased on the open market. On September 1, 2013, we granted an additional 1,840,000 ordinary shares under our 2010 equity incentive plan with the exercise price of US\$1.29. As of the date of this annual report, the number of total outstanding options granted under our 2010 equity incentive plan was 4,805,900.

The following table summarized the outstanding options we granted to our directors and executive officers under our 2010 equity incentive plan as of the date of this annual report:

Name	Ordinary Shares Underlying Options Granted	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Renjing Cao	*	US\$ 8.40 ⁽¹⁾	September 30, 2010	September 29, 2015
	*	US\$ 1.29	September 1, 2013	September 29, 2015
Jinfa Wang	*	US\$ 8.40 ⁽¹⁾	September 30, 2010	September 29, 2015
	*	US\$ 1.29	September 1, 2013	September 29, 2015
Jiawan Cheng	*	US\$ 8.40 ⁽¹⁾	September 30, 2010	September 29, 2015
	*	US\$ 1.29	September 1, 2013	September 29, 2015
Yunshan Jin	*	US\$ 8.40 ⁽¹⁾	September 30, 2010	September 29, 2015
	*	US\$ 1.29	September 1, 2013	September 29, 2015
Xianzhong Zhang	*	US\$ 8.40 ⁽¹⁾	September 30, 2010	September 29, 2015
	*	US\$ 1.29	September 1, 2013	September 29, 2015
Other employees as a group ⁽¹⁾	2,310,000	US\$ 8.40 ⁽¹⁾	September 30, 2010	September 29, 2015
	1,200,000	US\$ 1.29	September 1, 2013	September 29, 2015
Total	4,880,000			

(*) Upon the vesting of all options granted would beneficially own less than 1.0% of our total outstanding ordinary shares.

(1) Amended to US\$1.29 effective on September 1, 2013.

(2) None of these employees is our director or executive officer.

Employee Pension and Other Retirement Benefits

We are required by PRC laws and regulations to contribute towards various government sponsored employee benefit plans, including housing, pension, work-related injury benefits, maternity insurance, medical and unemployment benefit plans. Our contributions are made based on certain percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government where we operate our businesses from time to time. Our total contribution for such employee benefits as required by applicable PRC regulations amounted to RMB23.1 million, RMB23.0 million and RMB22.3 million (US\$3.7 million) for 2011, 2012 and 2013, respectively, which were recorded in our cost of sales, operating expenses and inventory. We underpaid RMB0.2 million and RMB0.3 million in 2011 and 2012, respectively. The aggregate amount due reached approximately RMB19.6 million, RMB19.9 million and RMB19.9 million (US\$3.3 million) as of December 31, 2011, 2012 and 2013, respectively, which amounts were recorded as accrued expenses and other payables. Currently we do not have plans to settle such underpayments. Under PRC laws and regulations, any failure to make requisite contributions may subject us to a late fee and persons in charge may be subject to fines ranging from RMB1,000 to RMB10,000, imposed by administrative authorities or labor arbitrations and relevant employees may claim compensation from us. Such fines or other penalties may be imposed upon us for a period of up to two years from the time of violation.

C. Board Practices

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the skills they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached.

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The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- issuing authorized but unissued shares and redeeming or purchasing outstanding shares of our company in accordance with the Companies Law and our memorandum and articles of association;
- declaring dividends and other distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a corporate governance and nominating committee. We have adopted a charter for each of these committees.

Audit Committee

Our audit committee currently consists of Messrs Stephen Markscheid, Leo Austin and Dabing Zhou. Mr. Stephen Markscheid is the chairman of our audit committee and meets the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. Our board of directors has determined that each of Messrs Stephen Markscheid, Leo Austin and Dabing Zhou on the audit committee satisfies the requirements for an "independent director" within the meaning of Section 303A of the NYSE Listed Company Manual and meet the criteria for independence set forth in Section 10A(m)(3) of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act.

The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by our independent registered public accounting firm;
- reviewing with our independent registered public accounting firm any audit issues or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal control and any special audit steps adopted in light of significant control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time; and
- meeting separately and periodically with management, our internal auditor and independent registered public accounting firm.

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Compensation Committee

Our compensation committee currently consists of Messrs Xueyong Zhao, Dabing Zhou and Leo Austin. Mr. Xueyong Zhao is the chairman of our compensation committee. Our board of directors has determined that each of Messrs Dabing Zhou and Leo Austin of the compensation committee satisfies the requirement for an “independent director” within the meaning of Section 303A of the NYSE Listed Company Manual. Our compensation committee assists the board in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. Members of the compensation committee are not prohibited from direct involvement in determining their own compensation. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- approving and overseeing the compensation package for our executive officers;
- reviewing and making recommendations to the board with respect to our compensation policies and the compensation of our directors; and
- reviewing periodically and making recommendations to the board regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee

Our corporate governance and nominating committee currently consists of Messrs Chuanwei Zhang, Song Wang, Leo Austin and Cole Capener. Mr. Chuanwei Zhang is the chairman of our corporate governance and nominating committee. Our board of directors has determined that Messrs Leo Austin and Cole Capener of the corporate governance and nominating committee are “independent directors” within the meaning of Section 303A of the NYSE Listed Company Manual. The corporate governance and nominating committee assists the board of directors in identifying individuals qualified to become our directors and in determining the composition of the board and its committees. The corporate governance and nominating committee is responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy of the board;
- reviewing annually with the board the current composition of the board in light of the characteristics of independence, age, skills, experience and availability of service to us;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

In addition, our board of directors has adopted a set of corporate governance guidelines, which reflect certain guiding principles with respect to the structure of our board of directors, procedures and committees. These guidelines are not intended to change or interpret any law or our amended and restated memorandum and articles of association.

Qualification

There is no requirement for our directors to own any shares in our company in order for them to qualify as a director.

Terms of Directors and Executive Officers

Our directors are elected by and serve at the discretion of our shareholders. Our directors are not subject to a term of office and hold office until such time as they resign or are removed from office by ordinary resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director: (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) dies or is found by our company to be or becomes of unsound mind.

Employment Agreements

We have entered into employment agreements with all of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate his or her employment for cause at any time, with prior written notice, for certain acts of the employee, including but not limited to a conviction to a felony, or willful gross misconduct by the employee in connection with his employment, and in each case if such acts have resulted in material and demonstrable financial harm to us. An executive officer may, with prior written notice, terminate his or her employment at any time without cause.

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Each executive officer has agreed to hold, both during and subsequent to the terms of his or her agreement, in confidence and not to use, except in pursuance of his or her duties in connection with the employment, any of our confidential information, technological secrets, commercial secrets and know-how. Our executive officers have also agreed to disclose to us all inventions, designs and techniques resulted from work performed by them, and to assign us all right, title and interest of such inventions, designs and techniques. Moreover, each of our executive officers has agreed that (i) during the term of his or her employment with us and two years thereafter, not to, directly or indirectly, serve, invest or assist in any business that competes with our business or to engage in any marketing and selling activities for products that are same or similar to our products, provided that we agree to pay no less than half of their total annual compensation, prorated for their period of employment with us if such period is less than one year and (ii) at any time after their employment with us, not to solicit any of our officers, directors or employees.

Interested Transactions

A director may vote with respect to any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to the board's consideration and vote on such contract or transaction.

Remuneration and Borrowing

The directors may determine remuneration to be paid to the directors. The compensation committee assists the directors in reviewing and approving the compensation structure for the directors. The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of our company or of any third-party.

D. Employees

We had 2,592, 2,107 and 2,413 employees as of December 31, 2011, 2012 and 2013, respectively. We do not have any part-time employees. The following table sets forth the number of our employees in each of our areas of operations and as a percentage of our total workforce as of December 31, 2013:

Department	Number of Employees	Percentage of total
Manufacturing and assembly	1,347	55.8%
Research and development	232	9.6%
Technology support	45	1.9%
Engineering and service	448	18.6%
Management and administration	15	0.6%
Operations and quality control	59	2.4%
Logistic and support staff	168	7.0%
Marketing and sales	71	9.0%
Procurement	28	1.2%
Total	<u>2,413</u>	<u>100.0%</u>

A labor union of our employees was established in 2009 that represents employees with respect to labor disputes and other employee matters. The labor union does not represent employees for the purpose of collective bargaining. Our employees are not covered by any collective bargaining agreement. We have not experienced any major disputes with our employees and we believe that we maintain a good working relationship with our employees.

E. Share Ownership

See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders." For information as to stock options granted to our directors, executive officers and other employees, see "—B. Compensation—2010 Equity Incentive Plan."

Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the date of this annual report, the latest practicable date, by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5.0% of our ordinary shares.

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Beneficial ownership is determined in accordance with rules and regulations of the SEC and includes voting or investment power with respect to the ordinary shares. Except as indicated below, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all ordinary shares shown as beneficially owned by them. For each person and group named in the table below, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group by the sum of the number of ordinary shares issued and outstanding and the number of ordinary shares such person or group has the right to acquire upon the exercise of any options within 60 days after the date of this annual report. The number of ordinary shares outstanding as of the date of this annual report was 122,520,203.

	Shares Beneficially Owned	
	Number	%
Directors and Executive Officers:		
Chuanwei Zhang ⁽¹⁾	31,187,506	25.5
Song Wang ⁽²⁾	564,400	0.5
Leo Austin		
Cole R Capener		
Dabing Zhou		
Stephen Markschied		
Calvin Lau	—	—
Xueyong Zhao	—	—
Jinfa Wang	—	—
Renjing Cao	—	—
Jiawan Cheng		
Xianzhong Zhang		
Yunshan Jin	—	—
Pu Yang	—	—
Yuanfeng Fan	—	—
Limin Wang	—	—
Ronghua Zhu	—	—
Qiyong Zhang	—	—
Guowen Huang	—	—
Jianjun Liu	—	—
All directors and executive officers as a group	31,751,906	26.0
Principal Shareholders:		
Rich Wind Energy Three ⁽³⁾	19,755,000	16.1
Clarity Investors ⁽⁴⁾	16,467,500	13.4
ICBC International Investment Management Limited ⁽⁵⁾	8,985,400	7.3
First Windy ⁽⁶⁾	8,976,300	7.3

* Beneficially owns less than 1.0% of our outstanding ordinary shares.

- (1) Includes (i) 19,755,000 ordinary shares held by Rich Wind Energy Three and 8,976,300 ordinary shares held by First Windy and (ii) 2,456,206 ordinary shares in the form of ADSs held by Mr. Zhang purchased in a series of open market purchases. Each of Rich Wind Energy Three and First Windy is a British Virgin Islands Company. Rich Wind Energy Three is wholly owned by Ms. Ling Wu, Mr. Chuanwei Zhang's spouse. Ms. Wu is the sole director of Rich Wind Energy Three on all matters of Mingyang requiring shareholder approval. First Windy is wholly owned by Mr. Zhang and Mr. Zhang is the sole director of First Windy on all matters of Mingyang requiring shareholder approval. Mr. Zhang's business address is Jianye Road, Mingyang Industry Park, National Hi-Tech Industrial Development Zone, Zhongshan, Guangdong 528437, People's Republic of China.
- (2) Represents the 564,400 ordinary shares held by Third Windy, a British Virgin Islands Company wholly owned by Mr. Song Wang. Mr. Song Wang is the sole director of Third Windy on all matters of Mingyang requiring shareholder approval. Mr. Song Wang's business address is Jianye Road, Mingyang Industry Park, National Hi-Tech Industrial Development Zone, Zhongshan, Guangdong 528437, People's Republic of China.
- (3) Rich Wind Energy Three, a British Virgin Islands company, is wholly owned by Ms. Ling Wu, Mr. Chuanwei Zhang's spouse. Ms. Wu is the sole director of Rich Wind Energy Three on all matters of Mingyang requiring shareholder approval and has the voting and investment power with respect to our ordinary shares held by Rich Wind Energy Three. The business address of Rich Wind Energy Three is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

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- (4) Represents the 14,160,900 ordinary shares held by Clarity China Partners, L.P., 1,863,000 ordinary shares held by Clarity MY Co-Invest, L.P. and 443,600 ordinary shares held by Clarity China Partners (AI), L.P., each an exempted limited partnership duly formed and validly existing under the laws of the Cayman Islands and each controlled by its general partner, Clarity China GenPar, L.P., an exempted limited partnership duly formed and validly existing under the laws of the Cayman Islands. Clarity China GenPar, L.P. is in turn controlled by its general partner, Clarity China GenPar Ltd., a company duly formed and validly existing under the laws of the Cayman Islands, which controls the voting and investment power over our ordinary shares owned by Clarity China. We are not aware of any other individual who, directly or indirectly, has, or shares, voting or investment power with respect to our ordinary shares held by Clarity China. The business address of the three entities is Suite 2101, Capital Mansion, 6 Xin Yuan Nan Road, Chaoyang, Beijing 100004 China.
- (5) ICBC International Investment Management Limited, a British Virgin Islands Company, is wholly-owned by ICBC International Holdings Limited. We are not aware of any other individual who, directly or indirectly, has, or shares, voting or investment power with respect to our ordinary shares held by ICBC International Investment Management Limited. The business address of ICBC International Investment Management Limited is Level 18, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (6) First Windy, a British Virgin Islands Company, is wholly-owned by Mr. Chuanwei Zhang. Mr. Zhang is the sole director of First Windy on all matters of Mingyang requiring shareholder approval and has the voting and investment power with respect to our ordinary shares held by First Windy. The business address of First Windy is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

As of the date of this annual report, Citibank, N.A.—Hong Kong, as the custodian on behalf of Citibank, N.A., as depositary, held 95,345,403 ordinary shares, or approximately 76.2% of our total issued and outstanding ordinary shares, under our ADS program. In addition to Citibank, N.A., we have one registered holder of record in the United States. Since our ADSs may be held by brokers or other nominees, the number of record holders in the United States is not representative of the number of beneficial holders or their country of residence. None of our shareholders has different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

B. Related Party Transactions

Transactions with Mingyang Electrical

Mingyang Electrical was a 37.52% shareholder of Guangdong Mingyang prior to November 2009, when it transferred 36.52% of Guangdong Mingyang's equity interest to Wiser Tyson. Upon the completion of capital increase in Guangdong Mingyang by Mingyang Wind Power Investment Holding (Tianjin) Co., Ltd. which currently owns 15.66% equity interest in Guangdong Mingyang, Mingyang Electrical currently owns 0.84% of equity interest of Guangdong Mingyang. In addition, Mingyang Electrical was founded and is majority-owned by Mingyang Electrical Appliances, an entity wholly owned by Mr. Chuanwei Zhang, our chairman and chief executive officer. Mr. Zhang is a director and chief executive officer of Mingyang Electrical and Mingyang Electrical Appliances.

Wind Turbine Sales and Service Provision

In 2011, in exchange for the outstanding trade receivables due to us prior to 2011, Mingyang Electrical entered into two agreements with us under which Mingyang Electrical transferred its right to collect an aggregate of RMB107.2 million outstanding amount payable by two customers to us. The payables represented the revenue from sales of wind turbines and provision of maintenance services, including relevant interests and late default payment. The total outstanding receivables due from Mingyang Electrical were RMB0.7 million, nil and nil as of December 31, 2011, 2012 and 2013, respectively.

Purchase of Raw Materials and Components

At the early stage of our operation, Mingyang Electrical also entered into raw material and component purchase contracts on our behalf before we completed relevant procedures with foreign exchange authorities for importing such raw materials and components. We in turn purchased raw materials and components from Mingyang Electrical in the amount of RMB2.2 million in the year ended December 31, 2010. Mingyang Electrical did not retain agent fees in connection with these purchases. We entered into supply contracts with Mingyang Electrical to purchase raw materials directly in the amount of RMB11.3 million, RMB45.6 million and RMB48.3 million (US\$8.0 million) in the years ended December 31, 2011, 2012 and 2013, respectively. Total trade and other payables to Mingyang Electrical in connection with these raw material and component purchases were RMB11.2 million, RMB35.7 million and RMB57.1 million (US\$9.4 million) as of December 31, 2011, 2012 and 2013, respectively.

Leases and Property Management

We leased plant and buildings from Mingyang Electrical under lease agreements and engaged Mingyang Electrical for the management of certain of our properties. In the year ended December 31, 2011, our lease expense and property management fees amounted to RMB2.9 million, which were fully paid as of December 31, 2011. We did not renew the lease and property management agreements since their expiration in 2011 and therefore we did not incur such fees in 2012 and 2013.

Licenses of Intellectual Property Rights

Under a license agreement with aerodyn Energiesysteme dated June 30, 2007, Mingyang Electrical obtained a non-exclusive license from aerodyn Energiesysteme to manufacture and sell the rotor blades for our 1.5MW wind turbines in China. In exchange, Mingyang Electrical would make an upfront royalty payment and an annual support fee based on the number of molds used in production. Mingyang Electrical transferred its rights and obligations under this license agreement to us on November 16, 2009 for a consideration of RMB4.8 million, which was paid to Mingyang Electrical in full in 2009.

In October 2006, we entered into a patent license agreement with Mingyang Electrical under which we obtained the exclusive license to use a patent for electrical system for a five-year term from October 5, 2006 to October 5, 2011. We agreed to pay Mingyang Electrical a license fee, which was later on exempted by Mingyang Electrical under a supplemental agreement dated May 16, 2009.

We obtained an exclusive license to use Mingyang Electrical's trademark under an exclusive license agreement dated January 18, 2010. Under the trademark license agreement, we licensed from Mingyang Electrical the right to use its brand name and logo from January 18, 2010 to November 27, 2019 for an annual fee of RMB5,000. In addition, in May 2011, Mingyang Electrical had obtained from the National Trademark Office a new trademark of the brand name and logo of Mingyang Wind Power which is similar to the logo we currently license from Mingyang Electrical. We entered into a trademark license agreement with Mingyang Electrical in April 2010 for the exclusive use of this new trademark for a term of ten years, from the date of official grant of this new trademark. We agreed to pay Mingyang Electrical an annual fee of RMB5,000 under the license agreement.

Cash Advances and Guarantees

We obtained short-term borrowings from Mingyang Electrical before 2009. These loans were unsecured and bore interest rates ranging from 5.31% to 7.47% per annum. In 2008, we borrowed additional RMB111.7 million under a loan agreement, but repaid RMB58.2 million, increasing the aggregate outstanding principal amount under the short-term borrowings to RMB53.5 million as of December 31, 2008. We repaid the outstanding principal amount of RMB53.5 million in full under these short-term borrowings in 2009 and all related interest expense of RMB2.8 million in 2010. By using the receivables to be collected from a customer under one of the wind turbine sales contracts entered into by Mingyang Electrical on our behalf, Mingyang Electrical entered into a financial factoring agreement with a domestic commercial bank on our behalf in January 2009. By using the cash receivables from the bank, in January 2009, Mingyang Electrical subsequently entered into a loan agreement with us in the principal amount of RMB178.0 million. The loan provided by Mingyang Electrical was unsecured and bore an effective interest rate of 5.95% per annum with a term of 14 months. We repaid the principal amount of RMB178.0 million in full and the related interest of RMB10.6 million in August 2009. There are no outstanding borrowings from Mingyang Electrical as of the date of this annual report.

In May 2008, Guangdong Mingyang entered into a guarantee agreement with the Zhongshan branch of Bank of China, under which Guangdong Mingyang became the guarantor for Mingyang Electrical and Mingyang Longyuan, a wholly owned subsidiary of Mingyang Electrical, for their credit facilities in the amount of RMB180.0 million as well as other expenses the lender may incur for collection of any amount overdue in exchange for a cross guarantee Mingyang Electrical gave Guangdong Mingyang. The bank loans were repaid in full by Mingyang Electrical and Mingyang Longyuan and the guarantee expired on December 31, 2009. In March 2009, Guangdong Mingyang entered into a guarantee agreement with the Zhongshan branch of China Construction Bank, under which Guangdong Mingyang provided guarantees for the factoring business engaged in by Mingyang Electrical for a potential maximum obligation of RMB100.0 million. The guarantee expired on December 31, 2012. In October 2009, Guangdong Mingyang entered into a guarantee agreement with the Zhongshan branch of Bank of China, under which Guangdong Mingyang provided guarantees for credit facilities drawn by Mingyang Electrical and Mingyang Longyuan in the aggregate amount of RMB180.0 million. The guarantee was cancelled in 2011 as the underlying borrowings were repaid. There were no outstanding guarantees provided by Guangdong Mingyang to Mingyang Electrical and Mingyang Longyuan as of the date of this annual report.

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In the year ended December 31, 2010, Mingyang Electrical provided guarantees for several credit facilities we obtained from commercial banks. As of December 31, 2010, we had unsecured bank loans in the amount of RMB280.0 million that remained unpaid, among which RMB80.0 million was jointly guaranteed by Mingyang Electrical, Mingyang Longyuan and Mr. Chuanwei Zhang, and RMB100.0 million was guaranteed by Mingyang Electrical. We had also secured bank loans amounted to RMB110.0 million which was pledged by trade receivables jointly guaranteed by Mingyang Electrical and Mr. Chuanwei Zhang. These guarantees provided by Mingyang Electrical, Mingyang Longyuan and Mr. Chuanwei Zhang had all been cancelled in 2011 as the underlying borrowings were repaid. As of December 31, 2012 and 2013, we did not have any bank loan that was guaranteed by Mingyang Electrical, Mingyang Longyuan or Mr. Chuanwei Zhang.

Acquisitions

In January 2010, through Guangdong Mingyang, we acquired all of the equity interest in Zhongshan Mingyang Wind Power Equipment Co., Ltd. from Mingyang Electrical for a cash consideration of RMB50.0 million which was paid in full by the end of 2010.

In January 2010, we entered into two land use right transfer agreements with Mingyang Electrical in connection with the acquisition of two parcels of land in Zhongshan, with an aggregate area of 26,805 square meters and 42,678 square meters, respectively. These parcels of land have been used for the expansion of our SCD wind turbine manufacturing facility. The total consideration for the transfers was RMB12.9 million and RMB20.5 million, respectively, which was fully paid by the end of 2010. We have also acquired the manufacturing plant for a consideration of RMB55.4 million and purchased certain machinery of RMB1.1 million from Mingyang Electrical in 2010, which was fully settled by the end of 2011.

In September 2011, Guangdong Mingyang acquired all of the equity interest in Zhongshan Ruiyang from Mingyang Electrical for a cash consideration of RMB57.9 million.

Transactions with Tianjin Technology (formerly known as Jinneng Mingyang)

Tianjin Technology was 34.94% owned by us with the remaining 65.06% owned by Tianjin Jinneng. In October 2012, Guangdong Mingyang acquired the remaining equity interest from Tianjin Jinneng and as a result, Tianjin Technology became a wholly owned subsidiary of us.

In 2010, we entered into two operating leases with Tianjin Technology for the lease of plant and buildings for our manufacturing facilities in Tianjin. The rent expenses under these lease agreements were RMB24.4 million and RMB25.8 million for the years ended December 31, 2010 and 2011, which was paid in full by the end of 2011. Under these lease agreements, we made a deposit of RMB0.9 million and RMB2.1 million to Tianjin Technology as of December 31, 2010 and 2011, respectively. We acquired the land use rights with respect to the facilities in Tianjin through our acquisition of Tianjin Technology. The rent expenses were RMB21.5 million for the first ten months of 2012 prior to this acquisition.

Guarantee Provided to Tianjin Technology

In November 2009, Guangdong Mingyang entered into a guarantee agreement with the Guangxing branch of Tianjin Rural Cooperative Bank, under which, Guangdong Mingyang, as a shareholder, provided guarantees jointly with Tianjin Jinneng, the other shareholder at that time, in proportion to their respective equity ownership in Tianjin Technology, for credit facilities in a total amount of RMB190.0 million borrowed by Tianjin Technology in order to assist Tianjin Technology in obtaining bank loans. Tianjin Technology became a wholly owned subsidiary of Guangdong Mingyang in 2012 and as a result, Guangdong Mingyang has undertaken all of the guarantee liability. The guarantee agreement has a term of two years from November 19, 2014, the due date of the underlying bank loans and will expire on November 19, 2016.

Transactions with Inner Mongolia Equipment

Inner Mongolia Equipment is 33.0% owned by us with the remaining 67.0% owned by a third natural person. During 2010, we received RMB5.0 million from Inner Mongolia Equipment for license of the unpatented wind turbine technologies for the manufacturing of wind turbines. In March 2011, under a loan agreement, we provided a short-term loan of RMB5.0 million to Inner Mongolia Equipment with an interest rate as stipulated by the People's Bank of China, which was fully repaid in May 2011.

In June 2011, we, through Guangdong Mingyang, entered into an agreement with Inner Mongolia Equipment and two of its customers, under which we assumed all rights and obligations of Inner Mongolia Equipment under the original sales contract it entered into with the customers. We purchased wind turbines of RMB214.0 million from Inner Mongolia Equipment in the year ended December 31, 2011 and delivered the wind turbines to the customers and provided maintenance services as agreed.

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During the years ended December 31, 2012 and 2013, we engaged Inner Mongolia Equipment to process wind turbines for wind farm projects and were charged processing fees of RMB2.0 million and RMB24.2 million (US\$4.0 million), respectively.

We provided interest-free advances of RMB55,000, RMB77.8 million and RMB21.3 million (US\$3.5 million) to Inner Mongolia Equipment in 2011, 2012 and 2013, respectively, of which RMB77.8 million and RMB49.8 million (US\$8.2 million) remained unsettled as of December 31, 2012 and 2013, respectively.

In 2013, we recognized revenue from the sales of raw materials to Inner Mongolia Equipment in the total amount of RMB1.1 million (US\$0.2 million). In addition, we purchased raw materials from Inner Mongolia Equipment in the total amount of RMB7.6 million (US\$1.3 million).

In November 2012, Guangdong Mingyang entered into a shareholders agreement with Inner Mongolia Equipment to establish Inner Mongolia Wind Power, which is currently a joint venture of us. See “—Transactions with Joint Ventures—Transactions with Inner Mongolia Wind Power.”

Transactions with Mr. Chuanwei Zhang and His Other Controlled Entities

Mr. Chuanwei Zhang is our founder, chairman and chief executive officer. As of the date of this annual report, Mr. Zhang beneficially owned approximately 25.5% of our issued and outstanding ordinary shares.

Transactions with REnergy

REnergy is an entity which is significantly influenced by Mr. Chuanwei Zhang. REnergy engages in the manufacture, sales and research and development of electrical system equipment.

We purchased components from REnergy in the amount of RMB601.9 million, RMB404.7 million and RMB451.6 million (US\$74.6 million) in the years ended December 31, 2011, 2012 and 2013, respectively.

Transactions with Mingyang Longyuan

Mingyang Longyuan Electric Co., Ltd., or Mingyang Longyuan, is a wholly owned subsidiary of Mingyang Electrical, which engages in the manufacture and research and development of high and low voltage frequency converter and electric equipment.

During the years ended December 31, 2011, 2012 and 2013, we provided interest-free advances of RMB0.6 million, RMB0.8 million and RMB1.0 million (US\$0.2 million) to Mingyang Longyuan, respectively, of which RMB0.3 million, RMB9.0 thousand and RMB2.2 million (US\$0.4 million) were repaid by the end of 2011, 2012 and 2013, respectively. During the years ended December 31, 2011, 2012 and 2013, we purchased raw materials of RMB114.4 million, RMB37.2 million and RMB13.7 million (US\$2.3 million) from Mingyang Longyuan, respectively. During the year ended December 31, 2011, we sold raw materials to Mingyang Longyuan in the amount of RMB3.1 million, which was fully settled in 2012.

We entered into a lease agreement with Mingyang Longyuan in January 2011 to lease to it a plant with an aggregate gross floor area of approximately 6,120 square meters. The lease term was one year and was renewed in January 2012 to expire in December 2014. The rent income under the operating lease agreement amounted to RMB0.9 million, RMB0.7 million and RMB1.6 million (US\$0.3 million) for the years ended December 31, 2011, 2012 and 2013, respectively.

Transactions with Mingyang Energy Investment

Mingyang Energy Investment is 99.0% owned by Mr. Zhang and engages in the provision of investment and consulting services for the energy equipment industry.

During the years ended December 31, 2011 and 2012, we provided interest-free advances in the amount of RMB20.1 million and RMB20.7 million, respectively, to Mingyang Energy Investment. The advances were collected as of December 31, 2011 and 2012, respectively. We did not provide such advances to Mingyang Energy Investment in 2013.

Transactions with Tianjin New Energy

Tianjin Mingyang New Energy Investment Co., Ltd., or Tianjin New Energy, is wholly-owned by Mr. Zhang and engages in the investment and consulting services for the wind power project management and wind power equipment manufacturing industry.

In 2010, we made cash advances of RMB46,610 to Tianjin New Energy under oral agreements all of which was fully settled by the end of 2011. As of December 31, 2012 and 2013, there was no outstanding cash advance due from Tianjin New Energy.

Transactions with Zhuhai Secopower

Zhuhai Secopower Special Type Transformer Co., Ltd., or Zhuhai Secopower, is a 51% subsidiary of Mingyang Longyuan. We purchased raw materials from Zhuhai Secopower in the amount of RMB11.4 million, RMB11.4 million and RMB10.6 million (US\$1.8 million) in the years ended December 31, 2011, 2012 and 2013, respectively. As of December 31, 2011, 2012 and 2013, approximately RMB3.8 million, RMB9.5 million and RMB11.6 million (US\$1.9 million) remained outstanding, respectively.

Transactions with Guangdong Redsolar

Guangdong Redsolar Photovoltaic Tech Co., Ltd., or Guangdong Redsolar, is a 60.67% subsidiary of Mingyang Energy Investment, an affiliated entity controlled by Mr. Chuanwei Zhang, with the remaining 39.33% held by two independent third parties. We entered into a purchase and sale agreement for raw materials with Guangdong Redsolar in 2012. In the years ended December 31, 2012 and 2013, we sold raw materials to Guangdong Redsolar in a total amount of RMB63.6 million and RMB33.5 million (US\$5.5 million), respectively. As of December 31, 2012, the amount due to Guangdong Redsolar of RMB5.5 million represented the receipt in advances from Guangdong Redsolar for purchase of raw materials. We made miscellaneous expense amounted to RMB4.3 million (US\$0.7 million) on behalf of Guangdong Redsolar, among which RMB3.3 million (US\$0.5 million) has been collected in the year ended December 31, 2013. As of December 31, 2013, trade receivables from Guangdong Redsolar of RMB7.7 million (US\$1.3 million) represented trade receivables from Guangdong Redsolar for purchase of raw materials and the amount due from Guangdong Redsolar of RMB0.9 million (US\$0.1 million) from miscellaneous expense paid by us on behalf of Guangdong Redsolar.

We lease approximately 9,223 square meters of our buildings to Guangdong Redsolar under two lease agreements dated in June 2012 and January 2013, respectively, with the maturity date being December 31, 2014. The rent income under these operating lease agreements amounted to RMB0.4 million and RMB1.2 million (US\$0.2 million) for the years ended December 31, 2012 and 2013, respectively. As of December 31, 2012 and 2013, the amount due from Guangdong Redsolar represented the receivable from rent income of RMB73,000 and RMB155,000 (US\$26,000), respectively.

Transactions with Joint Ventures

We established joint ventures to facilitate the EPC arrangements. As of December 31, 2013, we had seven joint ventures.

Transactions with Zhongdan Ruihao

Zhongdan Ruihao is a joint venture of us, in which we held 90.51% equity interest as of December 31, 2013.

During the year ended December 31, 2011, we entered into a wind turbine sale agreement with Zhongdan Ruihao, for which we recognized revenue of RMB160.7 million in 2012. As of December 31, 2011, trade receivables due from Zhongdan Ruihao amounted to RMB248.5 million, representing the trade receivables arising from wind turbines delivered to and accepted by Zhongdan Ruihao. As of December 31, 2012, the RMB8.5 million (US\$1.4 million) represented trade receivables from the sales of wind turbines, which remained outstanding as of December 31, 2013.

During the year ended December 31, 2012, we provided interest-free advances of RMB4.4 million to Zhongdan Ruihao. We did not provide such advances in 2013. We also provided short-term loans of RMB0.7 million and RMB100.0 million (US\$16.5 million) to Zhongdan Ruihao in 2012 and 2013, respectively. This short-term loans bore an interest rate of 7.2% and 5.6% per annum and the interest income for the years ended December 31, 2012 and 2013 amounted to RMB42,000 and RMB620,000 (US\$102,000), respectively.

As of December 31, 2012 and 2013, the amount due to Zhongdan Ruihao of RMB24.0 million (US\$3.9 million) represented the guarantee deposit payable to Zhongdan Ruihao. During the year ended December 31, 2012, we pledged RMB24.0 million as security for Zhongdan Ruihao's bank loan. To mitigate our risk exposure, we received the same amounts from Zhongdan Ruihao.

Transactions with Daqing Dumeng

Daqing Dumeng is a joint venture of us, in which we held 88.89% equity interest as of December 31, 2013.

During the year ended December 31, 2011, certain of our wind turbines were delivered to and accepted by Zhongdan Ruihao on behalf of Daqing Dumeng, for which we recognized RMB123.7 million trade receivables from Zhongdan Ruihao. During the year ended December 31, 2012, we recognized revenue of RMB160.7 million for sales of wind turbines to Daqing Dumeng. As of December 31, 2012 and 2013, the trade receivables from the transaction was RMB189.9 million and RMB28.0 million (US\$4.6 million), respectively.

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In the year ended December 31, 2013, we provided an interest-free advance of RMB2.0 million (US\$0.3 million) to Daqing Dumeng to facilitate its temporary capital need, which remained outstanding as of December 31, 2013. As of December 31, 2013, the amount due to Daqing Dumeng of RMB20.6 million (US\$3.4 million) represented the guarantee deposit payable by us to Daqing Dumeng. During the year ended December 31, 2013, we pledged RMB20.6 million (US\$3.4 million) to secure Daqing Dumeng's bank loan. Daqing Dumeng paid us the same amount to mitigate our risk exposure.

Transactions with Daqing Dairy Farm

Daqing Dairy Farm is a joint venture of us, in which we held 88.89% equity interest as of December 31, 2013.

During the year ended December 31, 2012 and 2013, we entered into wind turbine sale agreements with Daqing Dairy Farm. Pursuant to the agreements, certain wind turbines were delivered to and accepted by Daqing Dairy Farm during the years, for which we recorded trade receivables of RMB18.5 million and RMB46.2 million (US\$7.6 million) as of December 31, 2012 and 2013, respectively.

Transactions with Huitengxile Generator

Huitengxile Generator was a joint venture of us, in which we initially held 58.33% equity interest until July 17, 2013, when the other shareholders of Huitengxile Generator completed the purchases of all such equity interest from us.

During the year ended December 31, 2011, we entered into a wind turbine sale agreement with Huitengxile Generator, for which we recognized revenue of nil, RMB148.8 million and nil in 2011, 2012 and 2013, respectively. As of December 31, 2012, trade receivables due from Huitengxile Generator amounted to RMB14.9 million, representing trade receivables arising from wind turbines delivered to and accepted by Huitengxile Generator.

Transactions with Huifeng New Energy

Huifeng New Energy was a joint venture of us, in which we initially held 51.0% equity interest until January 24, 2013, when the other shareholders of Huifeng New Energy completed the purchases of all such equity interest from us.

During the year ended December 31, 2011, we entered into a wind turbine sale agreement with Huifeng New Energy, for which we recognized revenue of nil, RMB151.6 million and nil in 2011, 2012 and 2013, respectively. As of December 31, 2012, the RMB23.8 million was outstanding representing the trade receivables from the sales of wind turbines, which was fully settled as of December 31, 2013.

We also provided interest-free advances of RMB4.0 million to Huifeng New Energy in 2012, which was settled as of December 31, 2013.

Transactions with Xinjiang Wanbang

Xinjiang Wanbang is a joint venture of us, in which we held 66.67% equity interest as of December 31, 2013.

As of December 31, 2012 and 2013, the amount due from Xinjiang Wanbang of RMB18,000 and RMB207,000 (US\$34,000), respectively, represented interest-free advances. As of December 31, 2012, the amount due to Xinjiang Wanbang of RMB19.0 million represented receipt in advance for a wind farm project. As of December 31, 2013, we did not have such outstanding amount due to Xinjiang Wanbang.

We provided interest-free advances of RMB18,000 and RMB10.2 million (US\$1.7 million) to Xinjiang Wanbang for the years ended December 31, 2012 and 2013, respectively.

In the year ended December 31, 2012, we entered into a wind turbine sales agreement with Xinjiang Wanbang, for which we recognized revenue of RMB159.4 million (US\$26.3 million) in 2013. As of December 31, 2013, the RMB17.5 million (US\$2.9 million) due from Xinjiang Wanbang represented trade receivables from the sales of wind turbines.

Transactions with Inner Mongolia Wind Power

Inner Mongolia Wind Power is a joint venture of us, in which we held 96.4% equity interest as of December 31, 2013.

As of December 31, 2012, the amount due to Inner Mongolia Wind Power of RMB10.0 million represented receipt in advance of RMB10.0 million for a wind farm project and other payable of RMB10,000. As of December 31, 2013, the amount due to Inner Mongolia Wind Power of RMB77.8 million (US\$12.9 million) represented receipt in advance of RMB77.8 million (US\$12.9 million) for a wind farm project and other payable of RMB10,000 (US\$1,700).

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We provided a short-term loan of RMB185.0 million (US\$30.6 million) to Inner Mongolia Wind Power in 2013. This short-term loan bore an interest rate of 8.5% per annum. The interest income for the year ended December 31, 2013 amounted to RMB4.8 million (US\$0.8 million). In the year ended December 31, 2013, we collected RMB4.4 million (US\$0.7 million) from Inner Mongolia Wind Power.

Transactions with Reliance Capital Limited and its affiliated entity

Reliance Capital Limited is the non-controlling interest holder of GWPL from November 30, 2012 to December 31, 2013. As of December 31, 2012 and 2013, loans borrowed by GWPL from Reliance Capital Limited and its affiliated entity amounted to RMB256.0 million (US\$42.3 million) and RMB286.5 million (US\$47.3 million), respectively. Such loans bear interest at rate of 13% per annum.

Other Transactions with Certain Directors and Affiliates

See “Item 6. Directors, Senior Management and Employees—B. Compensation—Compensation of Directors and Executive Officers” and see “—B. Related Party Transactions” included elsewhere in this annual report.

Share Incentives

See “Item 6. Directors, Senior Management and Employees—B. Compensation—2010 Equity Incentive Plan.”

Registration Rights Agreement

We entered into a registration rights agreement with all of our then existing shareholders in September 2010, under which we granted those shareholders certain registration rights, including demand registration rights, piggyback registration rights and Form F-3 registration rights.

Under the terms of the registration rights agreement, from the date that is six months after our initial public offering, our then existing shareholders holding at least 10% of our registrable securities then outstanding may, on no more than three occasions, require us to effect the registration and/or qualification for sale of all or part of the registrable securities then outstanding. Any such registration and/or qualification for sale must be in connection with an offering with no less than US\$35.0 million aggregate gross proceeds.

Registrable securities are (i) all of our ordinary shares issued to our existing shareholders prior to the completion of our initial public offering, (ii) any of our ordinary shares issued as a dividend and (iii) any of our ordinary shares otherwise acquired by the investors, including without limitation ordinary shares acquired through share split, share dividend, recapitalization or a similar event. We will not be obligated to effect any such registration if we have, within the six-month period preceding the date of such request, already effected a registration under the Securities Act pursuant to provisions regarding demand registration or Form F-3 registration, or in which the holders of registrable securities had an opportunity to participate pursuant to the provisions relating to piggyback registration. We will have no obligation to effect more than three registrations.

Our existing shareholders also have “piggyback” registration rights, which may require us to register all or any part of the registrable securities then held by our existing shareholders when we register any ordinary shares, but excluding or any registration relating to any employee benefit plan or relating to a corporate reorganization.

After our initial public offering, if we are qualified to use Form F-3, our existing shareholders holding at least 10% of our registrable securities then outstanding may request in writing that we effect a registration on Form F-3 and any related qualification or compliance with respect to all or a part of the registrable securities then outstanding. In such case, we will be obligated to effect, as soon as practicable, such registration and all such qualifications and compliance as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such holder’s registrable securities as are specified in such request together with all or such portion of the registrable securities of any other holder or holders joining in such request as are specified in a written request given within 15 business days after we provide the notice; provided, however, that we will not be obligated to effect any such registration, qualification or compliance pursuant to provisions regarding Form F-3 registration:

- entitled to inclusion in such registration, propose to sell registrable securities and such other securities, if any, at an aggregate price to the public of less than US\$35.0 million; or
- if we have, within the six-month period preceding the date of such request, already effected a registration on Form-3 or in which the holders of registrable securities had an opportunity to participate pursuant to the provisions relating to piggyback registration.

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Except as otherwise provided herein, there is no limit on the number of times the holders may request registration of registrable securities under these Form F-3 registration rights.

We are also not obligated to effect any demand registration or registration on Form F-3 if we furnish to the holders of registrable securities a certificate signed by our chief executive officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us or our shareholders for such registration statement to be filed, in which event we have the right to defer such filing of the registration statement, for a period not to exceed 90 days after the receipt of the request to file such registration statement. We may not utilize this right more than once in any 12-month period.

If any of the offerings involves an underwriting, the managing underwriter of any such offering has certain rights to limit the number of shares included in such registration. However, where the number of registrable securities included in an underwritten public offering under a demand registration is to be reduced, all shares that are not registrable securities including, without limitation, the registrable securities held by our directors, officers or employees, must be reduced before any registrable securities held by existing shareholders may be reduced, and in case of a piggyback registration, the number of shares that may be included in the registration will be allocated first to us and second to each requesting holder of registrable securities on a pro rata basis, however, the number of our ordinary shares that are included in such offering may not be reduced to less than 20% of the aggregate number of our ordinary shares requested to be included in such underwriting, even if this will cause us to reduce the number of shares we wish to offer.

Our then existing shareholders are generally required to bear all of the registration expenses incurred in connection with demand registrations, piggyback registrations and registrations on Form F-3 provided that (i) where an offering of securities includes a primary offering by us, our existing shareholders shall bear the pro rata portion of expenses attributable to them based on the number of the registrable securities included in such registration, and (ii) we will use commercially reasonable efforts to minimize the amount of such expenses.

Notwithstanding the foregoing, we will have no obligations to effect the demand registration, piggyback registration and Form F-3 registration with respect to any registrable securities proposed to be sold by a holder of registrable securities in a registered public offering (i) three years after the consummation of our initial public offering, or (ii) if, in the reasonable opinion of our counsel confirmed in writing to the investors, all such registrable securities proposed to be sold without registration during any 90-day period under Rule 144.

As of the date of this annual report, we have not filed any registration statement under Form F-3 for the sale of our ADSs.

C. Interests of Experts and Counsel

Not applicable.

Item 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements."

Legal and Administrative Proceedings

We are currently not a party to any legal, arbitral or administrative proceedings, which, in the opinion of our management, is likely to have a material and adverse effect on our business, financial conditions and results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

Dividend Policy

Our board of directors has complete discretion on whether to pay dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, shareholders' interests and any other factors our board of directors may deem relevant.

Since our incorporation, we have never declared or paid any dividends, nor do we have any present intention to pay any cash dividends on our ordinary shares for the foreseeable future. We currently intend to retain all of our available funds and any future earnings to operate and expand our business.

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We are a holding company incorporated in the Cayman Islands. Our ability to pay dividends depends on the ability of our subsidiaries to pay dividends to us. In particular, each of our PRC subsidiaries may pay dividends only out of any accumulated distributable profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Moreover, pursuant to relevant PRC laws and regulations applicable to our PRC subsidiaries, a certain percentage of each of our PRC subsidiaries' after-tax profits are required to be set aside in a statutory common reserve fund. These reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits, the general reserve fund requires; an annual appropriation of 10% of after-tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) for our PRC subsidiaries, except for Guangdong Mingyang; or (ii) an appropriation of after-tax profit as decided by the board of directors of Guangdong Mingyang, a Sino-foreign joint venture; and the other fund appropriations are at our PRC subsidiaries' discretion. Allocations to these statutory reserves may only be used for specific purposes and are not distributable to us in the form of loans, advances or cash dividends. Furthermore, if any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us.

If we pay any dividends, the depositary will pay our ADS holders the dividends it receives on our ordinary shares, after deducting its fees and expenses and any applicable taxes and government charges, as provided in the deposit agreement. Cash dividends, if any, on our ordinary shares will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. THE OFFER AND LISTING

A. Offering and Listing Details

Our ADSs, each representing one of our ordinary shares, have been listed on the New York Stock Exchange since October 1, 2010 under the symbol "MY." For the period from October 1, 2010 to April 29, 2014, the trading price of our ADSs on New York Stock Exchange ranged from US\$1.06 to US\$11.67 per ADS.

The following table provides the high and low trading prices for our ADSs on the New York Stock Exchange for the periods indicated.

	Sale Price	
	High	Low
2011	\$ 11.67	\$ 1.18
2012	\$ 3.14	\$ 1.06
First Quarter	\$ 3.14	\$ 1.90
Second Quarter	\$ 2.47	\$ 1.10
Third Quarter	\$ 1.55	\$ 1.06
Fourth Quarter	\$ 1.60	\$ 1.11
2013	\$ 3.52	\$ 1.13
First Quarter	\$ 2.13	\$ 1.13
Second Quarter	\$ 2.26	\$ 1.15
Third Quarter	\$ 2.66	\$ 1.48
Fourth Quarter	\$ 3.52	\$ 1.84
October	\$ 3.52	\$ 2.34
November	\$ 2.80	\$ 1.84
December	\$ 2.55	\$ 1.91
2014 (through April 29)	\$ 4.34	\$ 2.22
First Quarter	\$ 4.34	\$ 2.22
January	\$ 3.11	\$ 2.22
February	\$ 4.05	\$ 2.50
March	\$ 4.34	\$ 2.66
Second Quarter (through April 29)	\$ 3.14	\$ 2.27
April (through April 29)	\$ 3.14	\$ 2.27

B. Plan of Distribution

Not applicable.

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C. Markets

Our ADSs, each representing one of our ordinary share, have been listed on the New York Stock Exchange since October 1, 2010 under the symbol “MY.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this annual report the description of our amended and restated memorandum and articles of association contained in the section entitled “Description of Share Capital” in our registration statement on Form F-1 (File No. 333-169256). Our amended and restated memorandum and articles of associations was adopted on August 31, 2010 and effective upon our initial public offering.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information of the Company” or elsewhere in this annual report.

D. Exchange Controls

Foreign Currency Exchange

Foreign currency exchange regulation in China is primarily governed by the following rules:

Foreign Currency Administration Rules (2008), as amended, or the Exchange Rules; and

Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules;

Under the Exchange Rules, the Renminbi is convertible for current account items and capital account items, including interest payments, trade and service-related foreign exchange transactions, direct investments, loans and repatriation of investments. Under the Administration Rules, foreign-invested enterprises in China, may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents. Pursuant to Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment on November 19, 2012, or Circular 59, canceling the approval procedure for the opening of and capital transfer into foreign exchange accounts under direct investment, canceling the approval procedure for foreign investors’ reinvestment with domestic lawful income, simplifying foreign exchange administration for the domestic reinvestment of foreign-invested holding companies, simplifying confirmation request formalities for capital verification of foreign-funded enterprises etc.

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E. Taxation

The following summary of the material Cayman Islands, Hong Kong, People's Republic of China and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not purport to address all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws, or tax laws of jurisdictions other than the Cayman Islands, Hong Kong, the People's Republic of China or the United States. The discussion is not intended to, nor should it be construed as, legal or tax advice to any prospective holder of our ADSs or ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by the Company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Hong Kong Taxation

Hong Kong profits tax

An ADS holder would be liable for profits tax in Hong Kong for its purchase and sale of the ADSs if the following three conditions are satisfied:

- (i) the ADS holder carries on a trade, profession or business in Hong Kong;
- (ii) the ADS holder derives profits from that trade, profession or business, other than profits arising from the sale of capital assets; and
- (iii) those profits arise in or are derived from Hong Kong (i.e. the profits have a Hong Kong source).

If a liability arises, the normal profits tax rates applicable to corporations (for the year of assessment of 2013/2014) is 16.5% and the normal profits tax rates applicable to individual (for the year of assessment of 2013/2014) is 15%.

Dividends received on ADSs

According to the current tax practice of the Hong Kong Inland Revenue Department, dividends paid by us on ADSs would not be subject to any Hong Kong tax, even if received by investors in Hong Kong.

Capital gains from the sale of ADSs

There is no tax on capital gains in Hong Kong. Any gains derived from the disposal of the ADSs acquired by the Investor for long-term investment will not be taxable in Hong Kong.

Stamp duty

No Hong Kong stamp duty is payable on the purchase and sale of the ADSs.

People's Republic of China Taxation

Enterprise Income Tax

In accordance with the *Foreign Investment Enterprise Income Tax Law* and its implementation rules, an enterprise primarily engaged in manufacturing with at least 25% foreign investment was entitled to a two-year exemption from the enterprise income tax from its first two profitable years from PRC tax perspective and thereafter was entitled to a three-year 50% reduction in its applicable tax rate.

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On March 16, 2007, the EIT Law was enacted and became effective on January 1, 2008 when the FIE Income Tax Law and the Enterprise Income Tax Provisional Regulations of the PRC expired. The EIT Law adopts a uniform tax rate of 25% for all enterprises (including foreign-invested enterprises) and revokes the prior tax exemption, reduction and preferential treatments only applicable to foreign-invested enterprises. However, certain enterprises established before the promulgation of the PRC EIT Law that were entitled to preferential tax treatments for a fixed period would continue to be entitled to such preferential tax treatments until the expiration of such period. If the fixed period was not commenced because of profit losses, it should be deemed to commence from 2008. Guangdong Mingyang was not entitled to the above described tax preferential treatment under the EIT Law, because its foreign equity percentage was less than 25% during the effectiveness of the PRC Enterprise Income Tax Law. As such, Guangdong Mingyang is subject to the uniform tax rate of 25% under the EIT Law.

Under the EIT Law, enterprises established under the laws of foreign countries or regions whose “de facto management bodies” are located within the PRC territory are considered resident enterprises and are subject to the enterprise income tax at the rate of 25% on its global income, but the term “de facto management bodies” is not defined therein. Under the implementation rules issued by the State Council relating to the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management and control over manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise. As all of our operational management is currently based in the PRC, and we expect them to continue to be located in China, we may be deemed a PRC resident enterprise and therefore subject to the PRC enterprise income tax at a rate of 25% on our worldwide income, which excludes the dividends received directly from another PRC resident enterprise.

The recognition criteria and procedures for the “advanced and new technology enterprise” under the EIT law were not issued until April 2008. Four of our subsidiaries, namely Guangdong Mingyang, Jilin Mingyang, Tianjin Mingyang Wind Power Equipment Co., Ltd. and Tianjin Blade, were granted the “advanced and new technology enterprise” certificates and entitled to the preferential income tax rate of 15% in relevant periods. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Taxation and Incentives—People’s Republic of China.”

Under the EIT Law and its implementation rules, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises” that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but if the relevant income is not effectively connected with the establishment or place of business, then only to the extent such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of ADSs or shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC.

The EIT Law and its implementation rules do not specifically exempt withholding tax on dividends payable to foreign investors, unless any such foreign investors’ jurisdiction of incorporation has a tax treaty with the PRC government that provides for a different withholding arrangement. For instance, according to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, or Double Taxation Arrangement (Hong Kong), dividends paid by a PRC company to a Hong Kong company will be subject to a withholding tax rate of 5%, if the Hong Kong company directly owns at least 25% of the capital of the PRC company. Thus, dividends paid to us by our PRC subsidiaries through our Hong Kong subsidiaries will be subject to a reduced withholding tax at a rate of 5%, if such Hong Kong subsidiary can be considered as a “beneficial owner” and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong).

If we are considered a PRC “resident enterprise,” dividends we pay with respect to our ordinary shares or ADSs or the gain you may realize from the transfer of our ordinary shares or ADSs, will be treated as income derived from sources within the PRC and be subject to PRC tax. It is also unclear whether we are considered a PRC “resident enterprise,” holders of our ordinary shares or ADSs might be able to claim the benefit of income tax treaties entered into between China and other countries. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Our China-sourced income is subject to PRC withholding tax under the Enterprise Income Tax Law of the PRC and we may be subject to PRC enterprise income tax at the rate of 25% when more detailed rules or precedents are promulgated.”

United States Federal Income Taxation

The following summary describes the material United States federal income tax consequences of the ownership of our ordinary shares and ADSs as of the date hereof. The discussion is applicable only to United States Holders (as defined below) who hold our ordinary shares or ADSs as capital assets. As used herein, the term “United States Holder” means a beneficial owner of an ordinary share or ADS that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;

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- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our ordinary shares or ADSs as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our voting stock;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose “functional currency” is not the United States dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. In addition, this summary assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

If a partnership holds ordinary shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ordinary shares or ADSs, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income, or the effects of any state, local or non-United States tax laws. *You should consult your own tax advisors concerning the United States federal income tax consequences to you of owning or disposing of our ordinary shares or ADSs in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction .*

ADSs

Holders of ADSs, for United States federal income tax purposes, will be treated as the owner of the underlying ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax.

Taxation of Dividends

The gross amount of distributions on the ADSs or ordinary shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including any withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of the ordinary shares, or by the depository, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.

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With respect to non-corporate United States Holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. We have listed our ADSs on the NYSE. U.S. Treasury Department guidance indicates that our ADSs are readily tradable on an established securities market in the United States. Thus, we believe that dividends we pay on our ADSs will meet the conditions required for these reduced tax rates. Since we do not expect that our ordinary shares will be listed on an established securities market in the United States, we do not believe that dividends that we pay on our ordinary shares that are not backed by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we are deemed to be a PRC “resident enterprise” under the PRC tax law (see discussion under “—People’s Republic of China Taxation—Enterprise Income Tax”), we may be eligible for the benefits of the income tax treaty between the United States and the PRC, the Agreement Between the Government of the United States of America and the Government of the People’s Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion With Respect to Taxes on Income (the “Treaty”). Non-corporate United States Holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of these rules given your particular circumstances.

In the event that we are deemed to be a PRC “resident enterprise” under the PRC tax law, you may be subject to PRC withholding taxes on dividends paid to you with respect to the ADSs or ordinary shares. See “—People’s Republic of China Taxation—Enterprise Income Tax.” Subject to certain conditions and limitations, PRC withholding taxes on dividends, if any, will be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid to you with respect to our ordinary shares or ADSs will be treated as income from sources outside the United States and will generally constitute passive category income. Furthermore, in certain circumstances, if you have held the ADSs or ordinary shares for less than a specified minimum period during which you are not protected from risk of loss, or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for any PRC withholding taxes imposed on dividends paid on the ADSs or ordinary shares. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange and will be treated as United States source gain. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will be treated as a dividend (as discussed above).

Taxation of Capital Gains

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale or exchange of ADSs or ordinary shares in an amount equal to the difference between the amount realized for the ADSs or ordinary shares and your tax basis in the ADSs or ordinary shares. Such gain or loss will be capital gain or loss. Capital gains of non-corporate United States Holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss. However, in the event that we are deemed to be a PRC resident enterprise under the PRC EIT Law and gain from the disposition of the ADSs or ordinary shares is subject to tax in the PRC, if you are eligible for the benefits of the Treaty, you may elect to treat such gain as PRC source gain. If you are not eligible for the benefits of the Treaty or you fail to make the election to treat any gain as PRC source, then you may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of our ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. You are urged to consult your tax advisor regarding the tax consequences if PRC tax is imposed on gain on a disposition of our ordinary shares or ADSs, including the availability of the foreign tax credit under your particular circumstances.

Passive Foreign Investment Company

We do not believe that we are, for United States federal income tax purposes, a passive foreign investment company (a “PFIC”), and we expect to operate in such a manner so as not to become a PFIC.

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In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is “passive income,” or
- at least 50% of the value (determined based on a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, “passive income” includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation’s assets and receiving our proportionate share of the other corporation’s income.

The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. While we do not currently intend to perform any such annual determination, we will notify you if we become aware that we are a PFIC in any taxable year.

If, however, we are or become a PFIC, you could be subject to additional United States federal income taxes on gain recognized with respect to the ADSs or ordinary shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

Information Reporting and Backup Withholding

Information reporting will apply to dividends with respect to our ADSs or ordinary shares and the proceeds from the sale, exchange or redemption of our ADSs or ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. A backup withholding tax will apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the Internal Revenue Service in a timely manner.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have previously filed with the SEC a registration statement on Form F-1 (File No. 333- 169256), as amended.

We have filed this annual report, including exhibits, with the SEC. As allowed by the SEC, in Item 19 of this annual report, we incorporate by reference certain information we filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

You may read and copy this annual report, including the exhibits incorporated by reference in this annual report, at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and at the SEC’s regional offices in New York, New York and Chicago, Illinois. You can also request copies of this annual report, including the exhibits incorporated by reference in this annual report, upon payment of a duplicating fee, by writing information on the operation of the SEC’s Public Reference Room.

The SEC also maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC. Our annual report and some of the other information submitted by us to the SEC may be accessed through this web site.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

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Our financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRSs.

We will furnish our shareholders with annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with IFRSs.

I. Subsidiary Information

See “Item 4. Information of the Company.”

Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Risk

Our sales and significant portions of our costs and capital expenditures are denominated in Renminbi, our functional and presentation currency. However, we also incur expenses in foreign currencies, including U.S. dollars, Euros, Japanese Yen and Hong Kong dollars, in procuring certain components and raw materials and making any prepayments under our license agreements. In addition, certain of our bank deposits are denominated in U.S. dollars, Euros and Hong Kong dollars. We also have bank deposits in India Rupee as a result of our acquisition of GWPL.

Fluctuations in the value of the Renminbi may affect the price competitiveness of our products as compared to competing products from multinational turbine manufacturers. Accordingly, any significant fluctuations between the Renminbi and the U.S. dollar and other foreign currencies, including the Euro, could expose us to foreign exchange risk. In addition, our investors could make capital contributions to us in U.S. dollars, Euros and Hong Kong dollars and, accordingly, we may incur foreign exchange losses if there is a delay between the time of such contributions and their conversion into Renminbi. For the year ended December 31, 2011, we recorded foreign exchange gains of RMB32.7 million. For the year ended December 31, 2012, we incurred foreign currency exchange losses of RMB3.8 million, primarily due to the depreciation of the Hong Kong dollar against the Renminbi relating to the approximately US\$30.0 million investment in Huadian Fuxin Energy Corporation Limited (HKEx: 00816) in connection with its initial public offering in Hong Kong and listing on the Hong Kong Stock Exchange in June 2012. For the year ended December 31, 2013, we incurred foreign currency exchange gains of RMB9.8 million (US\$1.6 million), primarily due to the appreciation of Renminbi against U.S. dollars relating to the short-term loans denominated in U.S. dollars.

Transactions in foreign currencies are translated to the respective functional currencies of our subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The following table indicates the hypothetical changes in our profit/(loss) after tax (and retained earnings or accumulated losses) and other components of combined equity if foreign exchange rates to which we have significant exposure at the dates indicated had changed at that date, assuming all other risk variables remain constant.

	2011			2012			2013		
	Appreciation in RMB	Increase/ (decrease) in profit after tax (in RMB thousands)	Increase/ (decrease) in retained earnings (in RMB thousands)	Appreciation in RMB	Decrease/ (increase) in loss after tax (in RMB thousands)	Decrease/ (increase) in accumulated losses (in RMB thousands)	Appreciation in RMB	Decrease/ (increase) in loss after tax (in RMB thousands)	Decrease/ (increase) in accumulated losses (in RMB thousands)
U.S. dollars	3%	5,615	5,615	3%	4,460	4,460	3%	4,963	4,963
Euro	1.5%	(202)	(202)	1.5%	(382)	(382)	1.5%	(654)	(654)
HK dollars	3%	122	122	3%	—	—	3%	839	839
Japanese Yen	3%	—	—	3%	120	120	3%	9	9

A weakening of the Renminbi against the above currencies by the same percentage would have had the equal but opposite effect on the above currencies to the amounts shown above, assuming all other variables remain constant.

We entered into certain foreign exchange forward contracts with financial institutions to manage the exposure to fluctuations in foreign currency exchange rates. In the year ended December 31, 2011, we recorded a foreign currency exchange gain of RMB1.6 million with respect to the fair value change of the forward contracts which we entered into in 2010. As of December 31, 2012 and 2013, we did not have any outstanding foreign currency forward contract.

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Other than those foreign exchange forward contracts, we have not used any derivative instruments to hedge our exposure in foreign exchange risk and we do not believe that we currently have any significant direct foreign exchange risk.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to interest expense incurred by our short-term or long-term borrowings, including bank loans and borrowings from related parties, medium-term notes as well as interest income generated by excess cash invested in demand deposits and liquid investments with original maturities of three months or less. Such interest-earning instruments carry a degree of interest rate risk. Our total outstanding interest-bearing loan balance as of December 31, 2011 was RMB632.0 million with varying interest rates of 5.81% to 6.71%. Our interest-bearing loan balance as of December 31, 2012 was RMB3,026.3 million with varying interest rates of 5.3% to 14.5%. Our interest-bearing loan balance as of December 31, 2013 was RMB2,379.7 million (US\$393.1 million) with varying interest rates of 5.4% to 14.5%. Our interest-bearing savings accounts had a balance of RMB1,592.0 million, RMB1,596.3 million and RMB1,058.5 million (US\$174.8 million) as of December 31, 2011, 2012 and 2013, respectively. Based on the interest-bearing saving account balance as of December 31, 2013, a 10% change in the interest rate would result in an increase or decrease of RMB90.6 million (US\$15.0 million) of our total amount of interest income in 2013.

Historically, we have not been exposed to material risks due to changes in interest rates; however, our future interest income may decrease or interest expense on our borrowings may increase due to changes in market interest rates. We are currently not engaged in any interest rate hedging activities. We have not used any derivative financial instruments to manage our interest rate risk exposure due to a lack of such financial instruments in China.

Inflation

In recent years, China has not experienced significant inflation, and thus inflation has not had a material impact on our results of operations. According to the PRC National Bureau of Statistics, Consumer Price Index in China increased by 5.4%, 2.6% and 2.6% in 2011, 2012 and 2013, respectively.

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not Applicable.

B. Warrants and Rights

Not Applicable.

C. Other Securities

Not Applicable.

D. American Depositary Shares

Fee and charges our ADS holders may have to pay

Citibank, N.A. is our depository. The depository collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depository may collect its annual fee for depository services by deducting from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depository may generally refuse to provide services for which fees are payable, until such fees are paid.

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The table below sets forth all fees and charges, which may change from time to time, that a holder of our ADSs may have to pay to the depositary bank of our ADS program, either directly or indirectly:

Persons depositing or withdrawing shares must pay:	For:
Up to US\$5.00 per 100 ADSs (or portion thereof)	Issuance of ADSs upon deposit of shares
	Delivery of deposited securities against surrender of ADSs
	Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions or (ii) exercise of rights to purchase additional ADSs
	Distributions of securities other than ADSs or rights to purchase additional ADSs
	Distributions of cash dividends or other cash distributions
	Depositary services fee
US\$1.50 per certificate presented for transfer	Transfer of American depositary receipts, or ADRs
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or ordinary shares underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges, fees or expenses incurred by the depositary or its agents for servicing the deposited securities	As necessary

Fee and other payments made by the depositary to us

Our depositary has agreed to reimburse us for certain expenses we incur that are related to the administration and maintenance of the ADS program. There are limits on the amount of expenses for which the depositary will reimburse us. The depositary has reimbursed us approximately US\$2.4 million, net of applicable withholding tax in the United States, for expenses related to the administration and maintenance of the ADSs as of December 31, 2013.

PART II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None of these events occurred in any of the years ended December 31, 2011, 2012 and 2013.

Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On July 12, 2011, to supplement the deposit agreement dated October 6, 2010 among us, Citibank, N.A. and the holders and beneficial owners of our ADSs, we entered into a letter agreement with Citibank, N.A. Pursuant to the letter agreement, Citibank, N.A., as the depositary, may issue and deliver restricted American depositary shares upon a deposit of restricted securities by our affiliated holders, as confirmed by us from time to time. Other than the foregoing, the rights of securities holders have not been materially modified. See “Item 10. Additional Information” for a description of the rights of securities holders.

Our ADSs, each representing one of our ordinary share, have been listed on the New York Stock Exchange since October 1, 2010 under the symbol “MY.” We completed our initial public offering of 25,000,000 ordinary shares, in the form of ADSs, at US\$14.00 per ADS on October 6, 2010 after our ordinary shares and American Depositary Receipts were registered under the Securities Act. The effective date of our registration statement on Form F-1 (File No. 333-169256) was September 30, 2010. Morgan Stanley & Co. International plc, Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated were the underwriters for the initial public offering of our ADSs.

As of December 31, 2013, we have used the net proceeds received from our initial public offering as follows:

- approximately RMB815.5 million (US\$134.7 million) for equity investments, including the investments in joint ventures under our EPC arrangements;
- approximately RMB492.3 million (US\$81.3 million) for research and development relating to the development of our SCD prototypes, the development of higher megawatt wind turbine models and the optimization of our 1.5MW wind turbines;

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- approximately RMB450.0 million (US\$74.3 million) for infrastructure and facility construction and acquisition of land use rights;
- approximately RMB196.0 million (US\$32.4 million) for purchase of manufacturing equipment; and
- approximately RMB194.7 million (US\$32.2 million) for working capital purposes during the course of ordinary business.

Item 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this annual report, an evaluation has been carried out under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. As disclosed below, management identified material weaknesses on the ineffective operating controls of the Group's Indian operating segment over the impairment test for intangible assets and inventory management process, and inadequate oversight of financing transactions. Based on this evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are not effective as of December 31, 2013.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, for our company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorization of a company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of SOX and related rules as promulgated by the SEC, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of the internal control over financial reporting as of December 31, 2013 using criteria established in "Internal Control-Integrated Framework (1992)" issued by the COSO. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of a company's financial statements will not be prevented, or detected and corrected on a timely basis.

Based on its assessment, the management concluded that our internal control over financial reporting was not effective as of December 31, 2013 based on the criteria established in "Internal Control-Integrated Framework (1992)" issued by the COSO as a result of the following material weaknesses in internal control over financial reporting identified in GWPL, our Indian operating segment:

- We did not perform impairment testing on intangible assets, including goodwill, on a timely basis when there was indication that the intangible assets were impaired;
- We did not record the inventories at lower of cost and net realizable value as of the reporting date. In addition, we did not record the carrying amount of inventories cost in cost of sales at the time inventories were sold; and
- Certain loans issued by related parties were entered into prior to the review and approval by the board of directors. In addition, no interest expenses on loans from related parties were accrued at year end.

The above material weaknesses resulted in material adjustments to correct the overstatement in the carrying amounts of intangible assets and inventories, and the understatement of cost of sales and interest expense. After recording these adjustments, our consolidated financial statements for the periods covered by and included in this annual report on Form 20-F are fairly stated in all material respects in accordance with IFRS for the periods presented.

Our independent registered public accounting firm, KPMG, who audited the financial statements included in this annual report on Form 20-F, has issued an attestation report on our internal control over financial reporting. The attestation report appears below.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
China Ming Yang Wind Power Group Limited:

We have audited the internal control over financial reporting of China Ming Yang Wind Power Group Limited (the “Company”) as of December 31, 2013, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management of the Company is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the policies and practice of the Company Indian operating segment’s intangible assets, inventories, and loans from related parties have been identified and included in management’s assessment. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of the Company and its subsidiaries as of December 31, 2012 and 2013, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2013. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2013 consolidated financial statements, and this report does not affect our audit report dated April 30, 2014, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weaknesses on the achievement of the objectives of the control criteria, China Ming Yang Wind Power Group Limited has not maintained effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG
Hong Kong, China
April 30, 2014

Remediation Steps to Address the Material Weakness

In connection with the material weaknesses disclosed above, the error had been corrected and properly accounted for in our consolidated financial statements for the year ended December 31, 2013. In addition, we began implementing a number of measures to strengthen our internal control over financial reporting. Management has implemented, or will implement, the following measures during 2014:

- In January 2014, we appointed an independent appraiser to value the intangible assets, including goodwill, of GWPL. The results of valuation report had already been produced in April 2014, and consequently an impairment loss of intangible assets including goodwill was recognized in the financial statements of 2013. We shall continue to perform impairment testing on intangible assets, including goodwill, on a timely basis;
- In early 2014, we adjusted the carrying amount of inventories at the lower of cost and net realizable value as of the reporting date. The board of directors of GWPL had reviewed the net realizable value of inventories, and is satisfied that the amount of provision required. GWPL will continue to review the net realizable value of inventories in a timely basis; and
- Furthermore, any additional loans to be provided by related parties shall require board approval where tenure and interest expenses will be recorded appropriately.

Changes in Internal Control over Financial Reporting

On January 1, 2014, pursuant to the waiver letter issued by Mingyang Singapore to GWPL, we waived part of our voting power at the shareholders' meeting, as well as one of our seats on the board of directors of GWPL at our sole discretion from January 1, 2014. Subsequent to the waiver, we have 50% voting power at the shareholders' meeting and 50% of the seats on the board of directors of GWPL. In this connection, we reassessed our involvement in GWPL, and concluded that we no longer has existing rights to direct the activities that significantly affect GWPL's returns, and hence have lost control over GWPL upon effectiveness of the waiver. We believes that through the waiver we and the other shareholders will share joint control in GWPL, which provides a basis of cooperation for the improvement of GWPL's future operating results. As a result, we deconsolidated GWPL and accounted for GWPL as a joint venture from January 1, 2014 and we shall exclude GWPL from the scope of internal control on financial reporting evaluation in 2014 and beyond. We shall continue to provide support to GWPL to ensure high quality of financial reporting is maintained.

Except for the changes described above, there were no other significant changes in our internal control over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably like to materially affect, our internal control over financial reporting.

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that our audit committee member, Mr. Stephen Markscheid, qualifies as an "audit committee financial expert" as defined in Item 16A of Form 20-F. All of our audit committee members are "independent directors" as defined in the listing rules of New York Stock Exchange.

Item 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, employees and advisors. Our code of business conduct and ethics is publicly available on our website at www.ir.mywind.com.cn under the "Corporate Governance."

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Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by KPMG, our principal external auditors, for the periods indicated. We did not pay any other fees to our auditors during the periods indicated below.

	Year Ended December 31,	
	2012	2013
	(in RMB thousands)	
Audit fees (1)	7,550	7,550
Audit-related fees (2)	2,850	2,250
Other fees (3)	1,360	100
Total	11,760	9,900

- (1) "Audit fees" represent the aggregate fees billed for each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements or services that are normally provided by the auditors in connection with statutory and regulatory filings or engagements.
- (2) "Audit-related fees" represent the aggregate fees billed in each of the fiscal years listed for assurance and related services by our principal auditors for services rendered that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit fees." Services comprising the fees disclosed under the category of "Audit-related fees" in 2012 and 2013 involve principally fees billed for the performance of certain limited procedures or reviews on interim consolidated financial statements.
- (3) "Other fees" in 2012 represent the aggregate fee billed for financial due diligence and legal due diligence service in respect of our overseas investments in India and South Africa amounted to US\$44,000 and South African Rand (ZAR) 797,000, respectively, which were translated to Renminbi using the year-end exchange rates. "Other fees" in 2013 represent the fee billed for the professional service provided in connection with the registration statement on Form S-8 filed by us under the Securities Act of 1933 in conjunction with an additional indeterminate number of shares, options, and the rights that may be offered or issued pursuant to our 2010 Equity Incentive Plan.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by KPMG, including audit services, audit-related services, tax services and other services as described above.

Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

We did not repurchase any ordinary shares or ADSs in the year ended December 31, 2013.

Item 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

Item 16G. CORPORATE GOVERNANCE

We are a "foreign private issuer" (as such term is defined in Rule 3b-4 under the Exchange Act) and our ADSs, each representing one ordinary share, are listed on the New York Stock Exchange. Under Section 303A of the New York Stock Exchange Listed Company Manual, New York Stock Exchange listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the corporate governance provisions specified by the New York Stock Exchange with limited exceptions. We are required to provide a brief description of the significant differences between our corporate governance practices and the corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange rules. The standards applicable to us are considerably different than the standards applied to U.S. domestic issuers. The significantly different standards applicable to us do not require us to:

- have a majority of the board be independent (other than due to the requirements for the audit committee under the Exchange Act);
- have a minimum of three members in our audit committee;
- have a compensation committee, a nominating or corporate governance committee;

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- provide annual certification by our chief executive officer that he or she is not aware of any non-compliance with any corporate governance rules of the New York Stock Exchange;
- have regularly scheduled executive sessions with only non-management directors;
- have at least one executive session of solely independent directors each year;
- seek shareholder approval for (i) the implementation and material revisions of the terms of share incentive plans, (ii) the issuance of more than 1% of our outstanding ordinary shares or 1% of the voting power outstanding to a related party, (iii) the issuance of more than 20% of our outstanding ordinary shares, and (iv) an issuance that would result in a change of control;
- adopt and disclose corporate governance guidelines; or
- adopt and disclose a code of business conduct and ethics for directors, officers and employees.

We intend to rely on all such exemptions provided by the New York Stock Exchange to a foreign private issuer, except that we have a majority of the board be independent, have three members in our audit committee, have established a compensation committee and a corporate governance and nominating committee, and have adopted and disclosed corporate governance guidelines and a code of business conduct and ethics for directors, officers and employees. As a result, you may not be provided with the benefits of certain corporate governance requirements of the New York Stock Exchange.

Item 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

Item 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

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Item 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report, together with the report of the independent auditors:

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Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Operations	F-3
Consolidated Statements of Comprehensive Income	F-4
Consolidated Statements of Financial Position	F-5
Consolidated Statements of Changes in Equity	F-7
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Item 19. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1**	Amended and Restated Memorandum and Articles of Association of the Registrant
2.1***	Registrant's Form of American Depositary Receipt (included in Exhibit 4.3)
2.2***	Registrant's Specimen Certificate for Ordinary Shares
2.3****	Form of Deposit Agreement among the Registrant, the Depository and Owners and Beneficial Owners of the American Depositary Shares issued thereunder
2.4***	Sale and Purchase Agreement among the Registrant and certain shareholders of the Registrant
2.5†	Registration Rights Agreement among the Registrant and certain shareholders of the Registrant
4.1***	Form of Indemnification Agreement with the Registrant's directors
4.2***	Consignment Design and Development Contract for Wind Energy Converter 1.5MW between aerodyn Energiesysteme GmbH and Mingyang Electrical Appliances Combine., dated April 19, 2006
4.3***	Translation of 1.5MW Wind Turbine Technology Agreement between Zhongshan Mingyang Electrical Appliances Co., Ltd. and Guangdong Ming Yang Wind Power Technology Co., Ltd., dated May 20, 2007
4.4***	License Agreement for aeroBlade 1.5 between aerodyn Energiesysteme GmbH and Mingyang Electrical Appliances Combine, dated June 30, 2007
4.5***	Translation of aeroBlade 1.5 Technology Transfer Agreement between Zhongshan Mingyang Electrical Appliances Co., Ltd. and Guangdong Ming Yang Wind Power Technology Co., Ltd. dated November 16, 2009
4.6***	License Agreement for SCD Technology between aerodyn Asia Co., Ltd. and Guangdong Mingyang Wind Power Technology Co., Ltd., dated July 28, 2008
4.7***	Addendum to License Agreement for SCD Technology between aerodyn Asia Co., Ltd. and Mingyang Electrical Appliances Combine, dated January 18, 2009
4.8***	Supplementary Agreement to the License Agreement for SCD Technology between aerodyn Asia Co., Ltd. and Guangdong Mingyang Wind Power Technology Co., Ltd., dated July 29, 2010
4.9***	Translation of Toll Manufacturing Agreement between Tianjin REnergy Electrical Co., Ltd. and Guangdong Mingyang Wind Power Technology Co., Ltd., dated February 27, 2010
4.10***	Translation of Trademark License Agreement between Zhongshan Mingyang Electrical Appliances Co., Ltd. and Guangdong Mingyang Wind Power Technology Co., Ltd., dated January 18, 2010
4.11***	Translation of Trademark License Agreement between Zhongshan Mingyang Electrical Co., Ltd. and Guangdong Mingyang Wind Power Technology Co., Ltd., dated April 30, 2010
4.12***	Translation of Patent License Agreement between Zhongshan Mingyang Electrical Co., Ltd. and Guangdong Mingyang Wind Power Technology Co., Ltd., dated October 5, 2006
4.13***	Translation of General Contractor Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Xinjiang Huaran Dongfang New Energy Co., Ltd., dated April 30, 2010
4.14***	Translation of Wind Turbine Sales Contract between Guangdong Mingyang Wind Power Technology Co., Ltd. and Datang Jilin Ruifeng Power Co., Ltd., dated in December 2008
4.15***	Translation of Supplemental Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Datang Xiangyang Wind Power Co., Ltd. dated in March 2010
4.16***	Translation of Wind Turbine Sales Contract between Zhongshan Mingyang Electrical Appliances Co., Ltd. and Inner Mongolia Branch of Shanxi Zhangze Electric Power Co., Ltd. dated in July 2007
4.17***	Translation of Supplemental Agreement between Guangdong Mingyang Wind Power Industry Group Co., Ltd. and Inner Mongolia Branch of Shanxi Zhangze Electric Power Co., Ltd. dated in March 2010

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.18***	Form of Labor Contract with senior management of Guangdong Mingyang Wind Power Technology Co., Ltd.
4.19***	Translation of Engagement Letter between Guangdong Mingyang Wind Power Technology Co., Ltd. and Mr. Wenqi Wang, dated in June 2006
4.20***	Translation of Strategic Cooperation Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Industrial and Commercial Bank of China, Guangdong Branch, dated in September 2009
4.21***	Translation of Lease Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Energy Investment Co., Ltd. in connection with the lease of part of industrial park, dated in October 2009
4.22***	Translation of Lease Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Electric Co., Ltd. in connection with the lease of a part of an assembly plant, dated in April 2009
4.23***	China Ming Yang Wind Power Group Limited 2010 Equity Incentive Plan
4.24***	Form of China Ming Yang Wind Power Group Limited 2010 Equity Incentive Plan Nonqualified Share Option Agreement
4.25***	Translation of Loan Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Electrical Co., Ltd. dated in March 2009
4.26***	Translation of Equity Transfer Contract between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Electrical Co., Ltd. dated in January 2010
4.27***	Translation of Land Use Right Transfer Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang dated in January 2010
4.28***	Translation of Guarantee Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Tianjin Rural Cooperative Bank dated in November 2009
4.29***	Translation of Equity Interest Transfer Agreement between Mr. Chuanwei Zhang and Guangdong Mingyang Wind Power Technology Co., Ltd. dated in July 2008
4.30***	Translation of Lease Agreement between Jilin Mingyang Wind Power Technology Co., Ltd. and Jilin Datong Group Company Limited dated in May 2008
4.31***	Translation of Contractor Agreement between Jinlin Mingyang Wind Power Technology Co., Ltd. and Jilin Datong Group Company Limited dated in June 2008
4.32***	Translation of Sample Purchase Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Tianjin REnergy Electrical Co., Ltd. dated in April 2010
4.33***	Translation of Loan Agreement between Mingyang Wind Power Technology Co., Ltd. and Guangdong Mingyang Longyuan Electric Co., Ltd. dated in January 2009
4.34***	Translation of Purchase Agreements between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Electrical Co., Ltd. in connection with Guangdong Zhanjiang Wind Farm dated in April 2008
4.35***	Translation of Purchase Agreements between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Electrical Appliances Co., Ltd. in connection with Bayinaobao Phase I Wind Farm dated in March 2008
4.36***	Translation of Equity Transfer Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Energy Investment Co., Ltd. dated in October 2008
4.37***	Translation of Loan Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Electrical Appliances dated in April 2009
4.38***	Translation of Lease Financing Service Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Energy Investment Co., Ltd. dated in March 2009
4.39***	Translation of Lease Financing Service Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Mingyang Energy Investment Co., Ltd. dated in December 2009
4.40***	Translation of Supply Contract for Industrial and Mineral Products between Guangdong Mingyang Wind Power Technology Co., Ltd. and Guangdong Mingyang Longyuan Power and Electrical Co., Ltd. dated in April 2010

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.41***	Translation of Equity Interest Transfer Agreement between Mr. Xian Wang and Guangdong Mingyang Wind Power Technology Co., Ltd. dated in July 2008
4.42***	Translation of Share Transfer Agreement between Jilin Datong Group Company Limited and Guangdong Mingyang Wind Power Technology Co., Ltd. dated in April 2010
4.43***	Translation of Loan Agreements between Guangdong Mingyang Wind Power Technology Co., Ltd. and Tianjin Mingyang Energy Investment Co., Ltd. dated in April 2009
4.44***	Translation of Guarantee Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Bank of China dated in October 2009
4.45***	Translation of Guarantee Agreement between Mr. Chuanwei Zhang and Bank of China dated in January 2009
4.46***	Translation of Supplementary Agreement on Equity Investment in Jilin Mingyang Datong between Guangdong Mingyang Wind Power Technology Co., Ltd and Jilin Datong Group Company Limited dated in June 2008
4.47***	Translation of Purchase Agreement between Guangdong Mingyang Wind Power Industry Group Co., Ltd. and Zhongshan Mingyang Electrical Appliances Co., Ltd. dated in December 2009
4.48***	Translation of Loan Agreement between Guangdong Mingyang Wind Power Technology Co., Ltd. and Zhongshan Electrical Appliances Co., Ltd. dated in January 2009
4.49†	Translation of Guarantee Agreement between Guangdong Mingyang Longyuan Power and Electrical Co., Ltd. and Bank of China dated in October 2009
4.50†	Translation of Guarantee Agreement entered into by Zhongshan Mingyang Electrical Appliances Co., Ltd. for Guangdong Mingyang Wind Power Technology Co., Ltd.
4.51†	Translation of Guarantee Agreement entered into by Zhongshan Mingyang Electrical Appliances Co., Ltd. and Bank of Communications dated in June 2009
4.52†	Translation of Supplementary Agreement to the Patent License Agreement between Zhongshan Mingyang Electrical Appliances Co., Ltd. (the Licensor) and Guangdong Mingyang Wind Power Technology Co., Ltd. (the Licensee) dated in May 2009
4.53††	Translation of Wind Turbine Sales Contract between Inner Mongolia Jingneng Shangdu Wind Power Generation Co., Ltd. and Guangdong Mingyang Wind Power Technology Co., Ltd. dated in April 2008
4.54*	Translation of Wind Turbine Supply Contract between Guangdong Mingyang Group Co., Ltd. And Inner Mongolia Mingyang Wind Power Equipment Co., Ltd. Dated in December 2011
4.55*	Translation of Loan Application Letter between Guangdong Mingyang Wind Power Group Co., Ltd. And Inner Mongolia Mingyang Wind Power Equipment Co., Ltd dated in February 2011
4.56*	Translation of Subrogation Agreement between Guangdong Mingyang Wind Power Group Co., Ltd. And Zhongshan Mingyang Electrical Appliance Co., Ltd. Dated in June 2011
4.57*	Translation of Subrogation Agreement between Guangdong Mingyang Wind Power Group Co., Ltd. And Zhongshan Mingyang Electrical Appliance Co., Ltd. Dated in June 2011
8.1	List of Subsidiaries of the Registrant
11.1†	Code of Business Conduct and Ethics
12.1	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of KPMG

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- * Previously filed with the Registrant's annual report on Form 20-F (File No. 001-34866), dated April 30, 2012 and incorporated herein by reference
- ** Previously filed with the Registrant's annual report on Form 20-F (File No. 001-34866), dated April 11, 2011 and incorporated herein by reference.
- *** Previously filed with the Registrant's registration statement on Form F-1 (File No. 333-169256), dated September 7, 2010 and incorporated herein by reference.
- **** Previously filed with the Registrant's registration statement on Form F-6 (File No. 333-169278), dated September 9, 2010 and incorporated herein by reference.
- † Previously filed with the Registrant's amendment No. 1 to the registration statement on Form F-1/A (File No. 333-169256), dated September 14, 2010 and incorporated herein by reference.
- †† Previously filed with the Registrant's amendment No. 2 to the registration statement on Form F-1/A (File No. 333-169256), dated September 21, 2010 and incorporated herein by reference.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

China Ming Yang Wind Power Group Limited

By: /s/ Chuanwei Zhang

Name: Chuanwei Zhang

Title: Chief Executive Officer

Date: April 30, 2014

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**CHINA MING YANG WIND POWER GROUP LIMITED
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders

China Ming Yang Wind Power Group Limited:

We have audited the accompanying consolidated statements of financial position of China Ming Yang Wind Power Group Limited (the “Company”) and its subsidiaries as of December 31, 2012 and 2013, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of China Ming Yang Wind Power Group Limited and its subsidiaries as of December 31, 2012 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 30, 2014 expressed an adverse opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ KPMG

Hong Kong, China

April 30, 2014

[Table of Contents](#)Consolidated Statements of Operations
for the years ended December 31, 2011, 2012 and 2013

	Note	2011 RMB'000	2012 RMB'000	2013 RMB'000
Revenue	5	5,515,819	2,893,100	2,844,830
Cost of sales		<u>(4,522,685)</u>	<u>(2,523,337)</u>	<u>(2,582,551)</u>
Gross profit		993,134	369,763	262,279
Other income	6	36,195	85,830	44,953
Selling and distribution expenses		<u>(227,766)</u>	<u>(174,807)</u>	<u>(219,890)</u>
Administrative expenses		<u>(261,944)</u>	<u>(384,102)</u>	<u>(445,883)</u>
Research and development expenses		<u>(85,305)</u>	<u>(85,821)</u>	<u>(102,568)</u>
Impairment loss on goodwill and other intangible assets	11	<u>—</u>	<u>—</u>	<u>(179,661)</u>
Profit / (loss) from operations		<u>454,314</u>	<u>(189,137)</u>	<u>(640,770)</u>
Finance income		70,630	126,772	201,859
Finance expenses		<u>(161,908)</u>	<u>(230,866)</u>	<u>(283,381)</u>
Net finance expenses	8(a)	<u>(91,278)</u>	<u>(104,094)</u>	<u>(81,522)</u>
Share of profit / (loss) of associates	13	<u>2,275</u>	<u>(7,396)</u>	<u>(3,558)</u>
Profit / (loss) before income tax	8	365,311	(300,627)	(725,850)
Income tax (expense) / benefit	9	<u>(73,018)</u>	<u>(213)</u>	<u>78,417</u>
Profit / (loss) for the year		<u>292,293</u>	<u>(300,840)</u>	<u>(647,433)</u>
Attributable to:				
Shareholders of the Company		292,993	(281,874)	(504,179)
Non-controlling interests		<u>(700)</u>	<u>(18,966)</u>	<u>(143,254)</u>
		<u>292,293</u>	<u>(300,840)</u>	<u>(647,433)</u>
Basic and diluted earnings / (loss) per share (RMB)	30	<u>2.35</u>	<u>(2.31)</u>	<u>(4.12)</u>

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

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Consolidated Statements of Comprehensive Income
for the years ended December 31, 2011, 2012 and 2013

	<i>Note</i>	<i>2011</i> RMB'000	<i>2012</i> RMB'000	<i>2013</i> RMB'000
Profit / (loss) for the year		292,293	(300,840)	(647,433)
Other comprehensive loss for the year				
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences		<u>(39,202)</u>	<u>(2,965)</u>	<u>(8,628)</u>
Total comprehensive income / (loss) for the year		<u>253,091</u>	<u>(303,805)</u>	<u>(656,061)</u>
Attributable to:				
Shareholders of the Company		253,791	(284,707)	(517,211)
Non-controlling interests	29	<u>(700)</u>	<u>(19,098)</u>	<u>(138,850)</u>
		<u>253,091</u>	<u>(303,805)</u>	<u>(656,061)</u>

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

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Consolidated Statements of Financial Position as of
December 31, 2012 and 2013

	<i>Note</i>	<i>2012</i> RMB'000	<i>2013</i> RMB'000
Assets			
Property, plant and equipment	10	1,053,307	1,001,678
Intangible assets	11	427,681	195,816
Lease prepayments	12	356,932	352,142
Investments in associates	13	9,166	25,608
Investments in joint ventures	14	691,837	795,848
Other investments		7,144	30,197
Trade and other receivables	17	930,424	934,364
Prepayments	18	66,024	120,276
Deferred tax assets	25	<u>174,024</u>	<u>224,843</u>
Total non-current assets		<u>3,716,539</u>	<u>3,680,772</u>
Financial assets at fair value through profit or loss	15	168,139	—
Inventories	16	2,028,435	2,235,459
Trade and other receivables	17	4,224,375	4,210,955
Prepayments	18	199,970	115,317
Other current assets	19	7,511	35,301
Pledged bank deposits	20	276,651	246,608
Cash and cash equivalents	21	<u>1,319,694</u>	<u>811,848</u>
Total current assets		<u>8,224,775</u>	<u>7,655,488</u>
Total assets		<u>11,941,314</u>	<u>11,336,260</u>

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

[Table of Contents](#)Consolidated Statements of Financial Position as of
December 31, 2012 and 2013 (continued)

	Note	2012 RMB'000	2013 RMB'000
Equity			
Issued share capital		850	850
Reserves for own shares		(55,113)	(44,628)
Capital reserves		3,670,380	3,693,726
Translation reserves		(61,191)	(74,223)
Accumulated losses		<u>(28,163)</u>	<u>(532,342)</u>
Total equity attributable to shareholders of the Company	28	3,526,763	3,043,383
Non-controlling interests	29	<u>110,787</u>	<u>(28,063)</u>
Total equity		<u>3,637,550</u>	<u>3,015,320</u>
Liabilities			
Bank borrowings	23	354,437	104,015
Bond payable	24	986,206	992,664
Deferred tax liabilities	25	86,969	52,102
Provisions	26	212,064	154,491
Trade and other payables	22	83,553	132,389
Deferred income	27	<u>280,024</u>	<u>253,849</u>
Total non-current liabilities		<u>2,003,253</u>	<u>1,689,510</u>
Trade and other payables	22	3,811,342	4,230,737
Bank and other borrowings	23	1,685,685	1,283,055
Income tax payable	25	9,789	9,155
Provisions	26	178,425	249,559
Deferred income	27	34,088	41,328
Deferred revenue	17(d)	<u>581,182</u>	<u>817,596</u>
Total current liabilities		<u>6,300,511</u>	<u>6,631,430</u>
Total liabilities		<u>8,303,764</u>	<u>8,320,940</u>
Total equity and liabilities		<u>11,941,314</u>	<u>11,336,260</u>

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

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Consolidated Statements of Changes in Equity
for the years ended December 31, 2011, 2012 and 2013

	Attributable to shareholders of the Company								Total equity RMB'000
	Issued share capital		Reserves for own shares RMB'000	Capital reserves RMB'000	Translation reserves RMB'000	(Accumulated losses) / retained earnings RMB'000	Subtotal RMB'000	Non- controlling interests RMB'000	
	Number of ordinary shares	Par value amount RMB'000							
Balance as of January 1, 2011	125,000,000	850	—	3,514,932	(19,156)	(39,282)	3,457,344	69,853	3,527,197
Profit / (loss) for the year	—	—	—	—	—	292,993	292,993	(700)	292,293
Other comprehensive loss	—	—	—	—	(39,202)	—	(39,202)	—	(39,202)
Total comprehensive (loss) / income	—	—	—	—	(39,202)	292,993	253,791	(700)	253,091
Own shares acquired (Note 28(c))	—	—	(42,108)	—	—	—	(42,108)	—	(42,108)
Share-based payment (Note 28(d)(i))	—	—	—	112,509	—	—	112,509	—	112,509
Contribution to a subsidiary from a non-controlling interests holder	—	—	—	—	—	—	—	48,000	48,000
Balance as of December 31, 2011	125,000,000	850	(42,108)	3,627,441	(58,358)	253,711	3,781,536	117,153	3,898,689

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

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Consolidated Statements of Changes in Equity
for the years ended December 31, 2011, 2012 and 2013 (continued)

	Attributable to shareholders of the Company								Non-controlling interests RMB'000	Total equity RMB'000
	Issued share capital		Reserves for own shares RMB'000	Capital reserves RMB'000	Translation reserves RMB'000	Retained earnings / (accumulated losses) RMB'000	Subtotal RMB'000			
	Number of ordinary shares	Par value amount RMB'000								
Balance as of January 1, 2012	125,000,000	850	(42,108)	3,627,441	(58,358)	253,711	3,781,536	117,153	3,898,689	
Loss for the year	—	—	—	—	—	(281,874)	(281,874)	(18,966)	(300,840)	
Other comprehensive loss	—	—	—	—	(2,833)	—	(2,833)	(132)	(2,965)	
Total comprehensive loss	—	—	—	—	(2,833)	(281,874)	(284,707)	(19,098)	(303,805)	
Own shares acquired (Note 28(c))	—	—	(13,005)	—	—	—	(13,005)	—	(13,005)	
Share-based payment (Note 28(d)(i))	—	—	—	42,939	—	—	42,939	—	42,939	
Acquisition of a subsidiary (Note 4(d))	—	—	—	—	—	—	—	12,732	12,732	
Balance as of December 31, 2012	125,000,000	850	(55,113)	3,670,380	(61,191)	(28,163)	3,526,763	110,787	3,637,550	

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

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Consolidated Statements of Changes in Equity
for the years ended December 31, 2011, 2012 and 2013 (continued)

	Attributable to shareholders of the Company						Subtotal RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Issued share capital		Reserves						
	Number of ordinary shares	Par value amount RMB'000	for own shares RMB'000	Capital reserves RMB'000	Translation reserves RMB'000	Accumulated losses RMB'000			
Balance as of January 1, 2013	125,000,000	850	(55,113)	3,670,380	(61,191)	(28,163)	3,526,763	110,787	3,637,550
Loss for the year	—	—	—	—	—	(504,179)	(504,179)	(143,254)	(647,433)
Other comprehensive (loss) / income	—	—	—	—	(13,032)	—	(13,032)	4,404	(8,628)
Total comprehensive loss	—	—	—	—	(13,032)	(504,179)	(517,211)	(138,850)	(656,061)
Issuance of own shares to senior management (Note 28(d)(ii))	—	—	10,485	(5,021)	—	—	5,464	—	5,464
Share-based payment (Note 28(d)(i))	—	—	—	27,781	—	—	27,781	—	27,781
Share options exercised	74,100	—	—	586	—	—	586	—	586
Balance as of December 31, 2013	125,074,100	850	(44,628)	3,693,726	(74,223)	(532,342)	3,043,383	(28,063)	3,015,320

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

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Consolidated Statements of Cash Flows
for the years ended December 31, 2011, 2012 and 2013

	<i>Note</i>	<i>2011</i> RMB'000	<i>2012</i> RMB'000	<i>2013</i> RMB'000
Cash flows from operating activities:				
Profit / (loss) for the year		292,293	(300,840)	(647,433)
Adjustments for:				
Depreciation of property, plant and equipment	10	45,372	67,202	92,022
Amortization of intangible assets	11	11,497	11,729	40,007
Amortization of lease prepayments	12	2,353	5,532	8,190
Loss on disposal of property, plant and equipment		1,600	4,836	7,586
Share of (profit) / loss of associates	13	(2,275)	7,396	3,558
Provisions for allowance for doubtful debts	17(b)/(f)	131,399	214,509	173,484
Inventories provision	16(b)	(1,998)	33,767	17,525
Equity settled share-based payment expenses	7	112,509	42,939	33,245
Income from investments in joint ventures	8(a)	(9,260)	(52,957)	(73,570)
Fair value change of foreign exchange forward contracts	8(a)	(1,641)	—	—
Fair value change of financial assets at fair value through profit or loss	8(a)	—	20,671	(55,061)
Remeasurement to fair value of pre-existing interest in an acquiree	8(a)	—	(9,201)	—
Interest income	8(a)	(26,982)	(64,614)	(63,469)
Interest expenses	8(a)	47,113	152,108	271,987
Income tax expense / (benefit)	9	73,018	213	(78,417)
Bargain purchase gain	6	—	(4,867)	(4,869)
Impairment losses on goodwill and other intangible assets	11	—	—	179,661
		<u>674,998</u>	<u>128,423</u>	<u>(95,554)</u>
Changes in working capital (net of effect of business combinations):				
Change in inventories		59,382	(54,766)	(224,549)
Change in trade and other receivables		(2,534,206)	635,587	113,904
Change in prepayments		105,054	(77,771)	78,688
Change in other current assets	19	6,205	(2,272)	(27,790)
Change in trade and other payables		1,064,054	(1,121,268)	414,175
Change in provisions	26	141,950	37,422	13,561
Change in deferred income		80,440	144,861	9,340
Change in deferred revenue	17(d)	174,808	(25,635)	236,414
Income tax paid		<u>(135,427)</u>	<u>(69,251)</u>	<u>(1,559)</u>
Net cash (used in) / generated from operating activities		<u>(362,742)</u>	<u>(404,670)</u>	<u>516,630</u>

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

[Table of Contents](#)Consolidated Statements of Cash Flows
for the years ended December 31, 2011, 2012 and 2013 (continued)

	Note	2011 RMB'000	2012 RMB'000	2013 RMB'000
Cash flows from investing activities:				
(Increase) / decrease in pledged bank deposits		(120,828)	(20,088)	30,043
Purchase of property, plant and equipment		(203,864)	(148,247)	(89,136)
Proceeds from sale of property, plant and equipment		—	—	9,665
Purchase of intangible assets		(20,372)	(22,528)	(52,614)
Payment for lease prepayments		(133,822)	(33,278)	(3,400)
Loan made to third parties		(58,000)	(147,000)	(68,436)
Collection of loan made to third parties		—	48,000	—
Interest received		20,613	27,992	47,957
Payment for acquisitions of assets, net of cash acquired	4(a)	(57,741)	—	—
Acquisition of subsidiaries, net of cash acquired	4(b)/(c)/(d)/(e)	—	(88,988)	(4,670)
Purchase of investments in associates	13	—	(7,400)	(20,000)
Purchase of investments in joint ventures	14	(246,610)	(423,010)	(138,000)
Proceeds from sale of investments in joint ventures	14	—	40,000	94,796
Purchase of other investments		—	(6,000)	(23,053)
Purchase of financial assets at fair value through profit or loss		—	(190,718)	—
Proceeds from sale of financial assets at fair value through profit or loss		—	—	223,200
Advances made to related parties	33(a)	(21,477)	(108,407)	(38,829)
Collection of advances made to related parties	33(a)	20,540	21,345	69,597
Loan made to related parties	33(a)	(5,000)	(730)	(285,000)
Collection of loan made to related parties	33(a)	5,000	—	50,730
Receipt of guarantee deposit from related parties	33(a)	—	24,000	20,560
Net cash used in investing activities		(821,561)	(1,035,057)	(176,590)

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

[Table of Contents](#)Consolidated Statements of Cash Flows
for the years ended December 31, 2011, 2012 and 2013 (continued)

	Note	2011 RMB'000	2012 RMB'000	2013 RMB'000
Cash flows from financing activities:				
Contribution from non-controlling interests holder of subsidiaries		48,000	—	—
Repurchase of own shares	28(c)	(42,108)	(13,005)	—
Proceeds from bank and other loans		842,937	1,262,767	655,360
Repayment of bank and other loans		(690,937)	(839,139)	(1,277,259)
Proceeds from borrowings from related parties		—	139,683	69,466
Repayment of borrowings from related parties		—	(12,758)	(4,923)
Interest paid		(47,773)	(57,012)	(272,901)
Financial arrangement fee paid to banks	17(b)	(69,572)	(41,204)	(5,384)
Proceeds from issuance of medium-term notes	24	—	1,000,000	—
Issuance cost of medium-term notes	24	—	(19,500)	—
Net cash generated from / (used in) financing activities		<u>40,547</u>	<u>1,419,832</u>	<u>(835,641)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>(2,720)</u>	<u>93</u>	<u>(12,245)</u>
Net decrease in cash and cash equivalents		<u>(1,146,476)</u>	<u>(19,802)</u>	<u>(507,846)</u>
Cash and cash equivalents at beginning of year		<u>2,485,972</u>	<u>1,339,496</u>	<u>1,319,694</u>
Cash and cash equivalents at end of year	21	<u>1,339,496</u>	<u>1,319,694</u>	<u>811,848</u>

The notes on pages F-13 to F-111 are an integral part of these consolidated financial statements.

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Notes to the consolidated financial statements

1 Reporting entity

China Ming Yang Wind Power Group Limited (the “Company”), through its subsidiaries, is principally engaged in the manufacture and sale of wind turbines and the provision of related maintenance services in the People’s Republic of China (the “PRC”) and the Republic of India (“India”).

The consolidated financial statements of the Company as of December 31, 2012 and 2013 and for the years ended December 31, 2011, 2012 and 2013 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and interpretations issued by the IASB.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(f) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The consolidated financial statements were approved and authorized for issue by Board of Directors on April 30, 2014.

(b) Basis of preparation

The Company was incorporated in the Cayman Islands on February 26, 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization (the “Reorganization”) in preparation of the initial public offering of Guangdong Mingyang Wind Power Industry Group Co., Ltd. (“Guangdong Mingyang”) in an overseas market, in May 2010, the Company completed the share exchange transaction with Guangdong Mingyang’s shareholders (the “Immediate Holding Companies” or the “Participating Shareholders”), which in aggregate owned 99% equity interests of Guangdong Mingyang (the “Share Exchange”).

In the Share Exchange, the Company issued 99,999,000 ordinary shares at par value of US\$0.001 per share, representing 100% of the Company’s post-exchange issued and outstanding ordinary shares, to the shareholders of the Immediate Holding Companies in exchange for 100% of the outstanding shares of the Immediate Holding Companies which in aggregate owned 99% equity interests in Guangdong Mingyang. Upon consummation of the Share Exchange, the Company became owner of 99% equity interests in Guangdong Mingyang.

2 Basis of preparation (continued)

(b) Basis of preparation (continued)

Zhongshan Mingyang Electrical Co., Ltd. (“Mingyang Electrical”), a company owned by Zhang Chuanwei, the Chairman of the Company’s Board of Directors, which owned 1% of the equity interests in Guangdong Mingyang prior to the Share Exchange, elected not to participate in the Share Exchange. Therefore, Mingyang Electrical did not receive any shares from the Company in the Share Exchange, and remained as the 1% equity holder of Guangdong Mingyang after the Reorganization.

Since (1) the Reorganization was consummated for the sole purpose of establishing the legal structure of Guangdong Mingyang to facilitate an overseas listing, (2) the Participating Shareholders’ effective equity interests in Guangdong Mingyang upon consummation of the Reorganization were identical to their effective equity interests in Guangdong Mingyang immediately prior to the consummation of the Reorganization, and (3) the shareholders and management of Guangdong Mingyang are substantially identical to the shareholders and management of the Company, the Reorganization has been accounted for in a manner similar to a reverse acquisition equivalent to the issuance of stock by Guangdong Mingyang for the net monetary assets of the Company, accompanied by a recapitalization to utilize the share structure of the Company as the legal acquirer. Immediately prior to the Share Exchange, the Company had only assets of US\$1 in cash and 1,000 ordinary shares outstanding at par value of US\$0.001 per share.

Accordingly, the assets and liabilities of Guangdong Mingyang are recognized at their historical carrying amounts. In addition, the accompanying consolidated financial statements present the results of the Group as if the Reorganization had been consummated as of the beginning of the earliest period presented.

The equity interests in Guangdong Mingyang owned by Mingyang Electrical are presented as non-controlling interests and recorded at the carrying amounts of Guangdong Mingyang’s net assets.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments held for trading or designated as at fair value through profit or loss are measured at fair value.

2 Basis of preparation (continued)

(d) *Functional and presentation currency*

These consolidated financial statements are presented in Renminbi yuan (“RMB”), which is the functional currency of the Group entities located in the PRC. The functional currency of the Company is the United States Dollar (“USD”) and its financial statements have been translated to RMB in accordance with Note 3(b). All financial information presented in RMB has been rounded to the nearest thousand.

For presentation purposes, the amounts of RMB equivalents are translated using the spot rate at the year end date.

(e) *Use of estimates*

The preparation of the consolidated financial statements in accordance with IFRSs requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the useful lives and the recoverability of the carrying amounts of property, plant and equipment and intangible assets (including goodwill), the realization of deferred tax assets, the collectability of trade and other receivables, the adequacy of inventories provision, the fair value of share-based payment arrangements, the accrual of warranty provisions and the assessment of contingent liabilities. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from those estimates. The Group is also subject to other risks and uncertainties that may cause actual results to differ from estimated amounts, such as competition, litigation, legislation and regulations in the alternative energy industry.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 9 and Note 25 – realization of tax losses and other deductible temporary differences and recognition of previously unrecognized tax losses and other deductible temporary differences
- Note 10 and Note 11 – useful lives and recoverability of property, plant and equipment and intangible assets (including goodwill)
- Note 16 – inventories provision
- Note 17 – collectability of trade and other receivables
- Note 26 – warranty provisions
- Note 32 – assessment of contingent liabilities

2 Basis of preparation (continued)

(e) Use of estimates (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 – intangible assets
- Note 28(d) – share-based payment arrangements; and
- Note 31(d) – fair values

(f) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2013.

- IFRS 10 *Consolidated Financial Statements (2011)*
- IFRS 11 *Joint Arrangements*

2 Basis of preparation (continued)

(f) Changes in accounting policies (continued)

- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- *Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)*
- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (2013)*

The nature and effects of the changes are explained below.

(i) Consolidated financial statements

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) replaces the requirements in IAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees as January 1, 2013 and determined that the adoption of IFRS 10 (2011) had no significant impact on the control conclusion of the Group in respect of its involvement with other entities.

(ii) Joint arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as joint ventures. When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements and has reclassified the investments in jointly controlled entities to investments in joint ventures. Upon the adoption of IFRS 11, the investment continues to be accounted under the equity method with no impact on the recognized assets, liabilities and comprehensive income of the Group.

2 Basis of preparation (continued)

(f) Changes in accounting policies (continued)

(iii) Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has expanded its disclosures about its interests in subsidiaries (Note 34) and equity-accounted investees (Note 13 and Note 14).

(iv) Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has included additional disclosures in this regard (Note 31(d)). The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

(v) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income/(loss) in its consolidated statements of comprehensive income, to present separately items that are or may be reclassified to profit or loss. Comparative information has been re-presented accordingly.

(vi) Disclosures of recoverable amount for non-financial assets

The Group has early adopted the amendments to IAS 36 (2013). As a result, the Group has expanded its disclosures of recoverable amounts when impairment is recognized (Note 11).

The above changes in accounting policies relate to disclosure requirements only and as such do not impact the Group's results of operations or financial position.

3 Significant accounting policies

Except for the changes explained in Note 2(f), the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts in the consolidated statements of comprehensive income have been re-presented, as a result of a change in the accounting policy regarding the presentation of items of other comprehensive income/(loss).

3 Significant accounting policies (continued)

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (Note 3(a)(ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (Note 3(i)(ii)). Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries and non-controlling interests (continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets. Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of operations and comprehensive income as an allocation of the total profit or loss and total comprehensive income / (loss) for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statements of financial position in accordance with Note 3(c)(ii) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

(iii) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (Note 3(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of operations, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of comprehensive income.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Associates and joint ventures (continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss. With respect to the Group's investments in joint ventures where the contributions (in the form of registered capital interests) are in substance interest bearing advances to the other shareholders of the joint ventures, the profits and losses resulting from sale of wind turbines from the Group to the joint ventures are recognized in the Group's consolidated financial statements fully rather than only to the extent of unrelated investors' legal interests in the joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 3(c)).

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain and loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that fair value were determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

3 Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at exchange rates approximating the foreign exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

(c) Financial instruments

(i) Non-derivative financial assets

The Group has the following non-derivative financial assets: trade and other receivables, pledged bank deposits, cash and cash equivalents and financial assets at fair value through profit or loss.

Trade and other receivables are initially recognized at fair value plus any directly attributable transaction costs and thereafter stated at amortized cost less allowance for impairment of doubtful debts (Note 3(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for doubtful debts (Note 3(i)).

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less.

A financial asset is classified as at fair value through profit or loss if it is held-for-trading or is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes in fair value, which takes into account any dividend income, are recognized in profit or loss.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Bills receivable sold to banks or transferred to suppliers or vendors as payment or settlement of its liabilities to these parties are derecognized when it is determined that all the risks and rewards of ownership of the bills receivable are transferred at the time of the sale or transfer.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statements of consolidated financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. Attributable transaction costs are recognized in profit or loss as incurred. At each reporting date the fair value is remeasured. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, the gain or loss on remeasurement to fair value is charged immediately to profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (Note 3(i)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Construction in progress represents buildings under construction and equipment pending installation, and is stated at cost less impairment losses (Note 3(i)). Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

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3 Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings	20 - 60 years
- Machinery and equipment	5 - 21 years
- Furniture, fixtures and office equipment	3 - 21 years
- Motor vehicles	4 - 10 years
- Leasehold improvements	Shorter of the lease term and estimated useful life

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(e) Lease prepayments

Lease prepayments represent cost of land use rights paid to the PRC government authorities. Lease prepayments are stated at cost less accumulated amortization and impairment losses (Note 3(i)). Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives which range from 30 to 50 years.

3 Significant accounting policies (continued)

(f) Intangible assets and goodwill

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses (Note 3(i)). In respect of goodwill arising from associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the investment as a whole.

(ii) Trademark

Trademark is not amortised while its useful life is assessed to be indefinite, which is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. If not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out below.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (Note 3(i)).

(iv) Amortization

Amortization of intangible assets with finite useful lives is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- Unpatented technology	4 - 12 years
- Customer relationship	10 years
- Wind farm development right	15 - 20 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

3 Significant accounting policies (continued)

(h) Construction contracts in progress

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date (Note 3(m)(iii)) less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

In the consolidated statement of financial position, construction contracts in progress for which costs incurred plus recognized profits exceed progress billings and recognized losses are presented as trade and other receivables. Contracts for which progress billings and recognized losses exceed costs incurred plus recognized profits are presented as deferred revenue.

(i) Impairment

(i) Financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

The Group considers evidence of impairment for receivables at both an individual asset and a collective level. All significant receivables are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Receivables that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together receivables with similar risk characteristics.

3 Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

In assessing collective impairment the Group uses historical information on the timing of recoveries and the amount of loss incurred, and make an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between receivables' carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Group reviews non-financial assets (other than deferred tax assets and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units, or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of combination.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

3 Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided. Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the "Schemes") organized by the relevant local government authorities for its eligible employees whereby the Group is required to make contributions to the Schemes at 10% to 20% of the deemed salary rate announced annually by the local government authorities.

The Group has no other material obligation for payment of pension benefits associated with those schemes beyond the annual contributions described above.

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid. The Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transaction

Equity instrument granted to the Group's employees by the Group or the Group's investor(s) are accounted for as share-based payment transactions. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market vesting conditions at the vesting date.

3 Significant accounting policies (continued)

(k) Research and development cost

Research and development expenses include costs attributable to the conduct of research and development programs and activities that are primarily related to enhancing product quality and improving the efficiency and capabilities of the Group's existing production processes. These costs include salaries, employee benefit costs, materials, depreciation and maintenance of research equipment, services provided by outside contractors and the allocable portions of facility costs such as rent, utilities, insurance, repairs and maintenance, depreciation and general support services. All costs associated with research and development are expensed as incurred.

(l) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with Note 3(l)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e. the amount initially recognized, less accumulated amortization.

3 Significant accounting policies (continued)

(l) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue

(i) Sale of wind turbines and provision of maintenance service

The Group's arrangements with customers in respect of wind turbines contain the following two components: (i) the delivery of the wind turbines to the customers' location and the provision of installation supervision (the "sale of wind turbines") and (ii) providing technical and maintenance support for a period ranging from two to six years ("maintenance services"). The Group allocates the total consideration to each of the components based on their estimated selling prices, which is determined by applying an appropriate gross profit margin, with reference to the gross profit margin of other entities in the PRC that are in a similar industry, on the estimated costs of the deliverable, and adjusted based on market factors, such as whether the Group should offer lower price in order to maintain good relationship with customers, and whether the other wind turbine suppliers are offering competitive prices to similar customers.

Revenue attributable to the sale of wind turbines is recognized when the wind turbine has been delivered and accepted by the customer, the wind turbine has been installed under the supervision of the Group, functionality test of the wind turbine has been completed and accepted by the customer, and the collectability of the consideration is probable. The durability test, which typically lasts 240 hours and is performed subsequent to the functionality test of the wind turbine, is a test to ensure proper and stable connection of the wind turbines to power grids. The Group's performance obligation relating to the durability test is not significant.

Revenue in relation to provision of maintenance service is recognized on a straight-line basis over the contractual term of the arrangement, which generally ranges from two to six years.

3 Significant accounting policies (continued)

(m) Revenue (continued)

(ii) Sale of raw materials and electronic equipment

Provided it is probable that the economic benefit associated with the transaction will flow to the Group, the Group recognizes revenues from the sale of raw materials and electronic equipment when the risks and rewards of ownership and title to the raw materials and electronic equipment have been transferred to the buyer, which coincides with delivery and acceptance of the products by the buyer.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

When the outcome of the contract can be estimated reliably, revenue is recognized using the percentage of completion method. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(n) Government grants

Government grants that compensate the Group for the cost of an asset are initially recognized as deferred income if there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grants. The grants are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in periods in which the expenses are recognized.

(o) Lease payments

Payments made under operating lease are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expenses over the term of the lease.

3 Significant accounting policies (continued)

(p) Finance income and expenses

The Group's finance income and expenses include:

- interest income;
- interest expense;
- the net change in fair value of foreign exchange forward contract;
- the net gain or loss on financial assets at fair value through profit or loss;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- income on investment in joint ventures;
- financial arrangement fee charged by banks for settlement of trade receivables; and
- exchange gain or loss.

Interest income or expenses is recognized using the effective interest method.

(q) Income tax expense

Income tax expense comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable they will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

3 Significant accounting policies (continued)

(q) Income tax expense (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets are offset against deferred tax liabilities, if there is a legal enforceable right to offset current tax assets and current tax liabilities, and in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously, or in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(r) Earnings / (loss) per share

Basic earnings / (loss) per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings / (loss) per share is calculated by dividing profit or loss attributable to shareholders of the Company as adjusted for the effect of dilutive ordinary share equivalents, if any, by the weighted average number of ordinary and dilutive ordinary share equivalents outstanding during the year. Potential dilutive securities are not included in the calculation of diluted earnings / (loss) per share if the impact is anti-dilutive.

(s) Related parties

For the purposes of these consolidated financial statements, a person or entity is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

3 Significant accounting policies (continued)

(s) Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess the performance of the segment.

3 Significant accounting policies (continued)

(u) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2013

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended December 31, 2013 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to IFRS 10, IFRS 12 and IAS 27, <i>Investment entities</i>	January 1, 2014
Amendments to IAS 32, <i>Financial Instruments: Presentation</i> <i>Offsetting Financial Assets and Financial Liabilities</i>	January 1, 2014
<i>Annual improvements to IFRSs 2010 - 2012 cycle</i>	July 1, 2014
<i>Annual improvements to IFRSs 2011 - 2013 cycle</i>	July 1, 2014
IFRS 9, <i>Financial Instruments</i>	January 1, 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of these amendments, new standards and interpretations is unlikely to have a significant impact on the consolidated financial statements.

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4 Acquisitions

(a) Acquisition of Zhongshan Ruiyang Investment Management Co., Ltd. (“Zhongshan Investment”)

On September 13, 2011, Guangdong Mingyang acquired 100% equity interests of Zhongshan Investment for a cash consideration of RMB57,863,000. Zhongshan Investment was incorporated by Mingyang Electrical in August 2011. Mingyang Electrical owned 100% equity interests in Zhongshan Investment immediately before the acquisition. Since Zhongshan Investment did not commence commercial operations on the date of acquisition, and did not have the processes that have the ability to create outputs, management determined that the acquired assets and liabilities do not constitute a business within the meaning of IFRS 3 (Revised), *Business Combinations*. The assets and liabilities of Zhongshan Investment have been recognized at their relative fair values, as follows:

	RMB'000
Total aggregate purchase price	<u>57,863</u>
Property, plant and equipment	41,350
Lease prepayments	7,556
Amounts due from Guangdong Mingyang	8,800
Cash and cash equivalents	122
Trade and other receivables	<u>35</u>
Total assets acquired	<u>57,863</u>
Total liabilities assumed	<u>—</u>
Consideration paid in cash	57,863
Cash acquired	<u>(122)</u>
Net cash outflow	<u>57,741</u>

[Table of Contents](#)**4 Acquisitions (continued)****(b) Acquisition of Inner Mongolia Fengchangyuan New Energy Development Co., Ltd. (“Fengchangyuan New Energy”)**

On August 20, 2012, the Group obtained control of Fengchangyuan New Energy, which is principally engaged in the development and utilization of wind power, by acquiring 100% of the equity interests and voting interests in Fengchangyuan New Energy. Fengchangyuan New Energy has obtained an exclusive right to develop a 49.5MW wind farm project in Inner Mongolia, PRC. The acquisition is expected to provide the Group with future economic benefit from the exclusive development right.

A summary of the fair value of the assets acquired and liabilities assumed at the date of acquisition is as follows:

	<i>Note</i>	RMB'000
Consideration		
Cash		29,200
Consideration payable		<u>800</u>
		<u>30,000</u>
Recognized amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	10	4,995
Intangible assets	11	19,379
Deferred tax liabilities	25(b)	<u>(4,845)</u>
Total identifiable assets acquired and liabilities assumed		<u>19,529</u>
Goodwill	11	<u>10,471</u>
Total		<u>30,000</u>

The goodwill is primarily attributed to entrance into the wind farm operating business. None of the goodwill recognized is expected to be deductible for income tax purpose.

Acquisition-related costs were minimal and included in “administrative expenses” in the consolidated statements of operations.

From the date of completion of the acquisition to December 31, 2012, the operating results of Fengchangyuan New Energy were minimal.

[Table of Contents](#)**4 Acquisitions (continued)****(c) Acquisition of Tianjin Mingyang Wind Power Technology Co., Ltd. (“Tianjin Technology”)**

On October 30, 2012, the Group obtained control of Tianjin Technology, which is mainly engaged in lease of plant and building, by acquiring 65.06% of the equity interests and voting interests in Tianjin Technology. As a result, the Group’s equity interest in Tianjin Technology increased from 34.94% to 100%. Upon completion of the acquisition, the Group effectively owned the manufacturing plant and building held by Tianjin Technology, which was leased to the Group prior to the acquisition.

A summary of the fair value of the assets acquired and liabilities assumed at the date of acquisition is as follows:

	<i>Note</i>	RMB’000
Consideration Cash		<u>76,460</u>
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		13,210
Property, plant and equipment	10	206,134
Lease prepayments	12	121,865
Trade and other receivables		8,596
Bank and other loans		(125,704)
Trade and other payables		(89,101)
Income tax payables		(1,218)
Deferred tax liabilities	25(b)	<u>(8,779)</u>
Total identifiable assets acquired and liabilities assumed		<u>125,003</u>
Fair value of pre-existing interest in		
Tianjin Technology		(43,676)
Bargain purchase gain	6	<u>(4,867)</u>
Total		<u>76,460</u>

4 Acquisitions (continued)

(c) Acquisition of Tianjin Mingyang Wind Power Technology Co., Ltd. (“Tianjin Technology”) (continued)

The transaction resulted in a bargain purchase gain, which is mainly attributable to the increase in fair value of the identifiable net assets from the date when consideration for the acquisition was agreed to the date when the Group obtained control in Tianjin Technology. The bargain purchase gain of RMB4,867,000 has been included in “other income” in the consolidated statements of operations (Note 6).

The remeasurement to fair value of the Group’s existing 34.94% interest in Tianjin Technology resulted in a gain of RMB9,201,000 (RMB43,676,000 less RMB34,475,000 carrying amount of equity accounted investee at the acquisition date), which has been included in “financial income” in the consolidated statements of operations (Note 8(a)).

Acquisition-related costs were minimal and included in “administrative expenses” in the consolidated statements of operations.

From the date of acquisition to December 31, 2012, Tianjin Technology incurred net income of approximately RMB368,000. Revenues generated by Tianjin Technology were all intercompany transactions, which are eliminated on consolidation.

(d) Acquisition of Global Wind Power Limited and its subsidiaries (“GWPL”)

On November 30, 2012, the Group acquired 50% equity interest in Global Wind Power Limited, which is mainly engaged in manufacture and sale of wind turbine in India, through Mingyang Holdings (Singapore) Pte. Ltd. (“Mingyang Singapore”). Upon completion of the acquisition, the Group has a majority voting power at the shareholders’ meeting and the majority seats on the Board. The acquisition of GWPL is expected to provide the Group with an increased overseas market share of wind turbines market through access to a turbine and tower manufacturing facility in Silvassa, India and several sales offices in Mumbai and Chennai, India owned by GWPL.

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4 Acquisitions (continued)

(d) Acquisition of Global Wind Power Limited and its subsidiaries (“GWPL”) (continued)

A summary of the fair value of the assets acquired and liabilities assumed at the date of acquisition is as follows:

	Note	RMB'000
Consideration		
Cash		<u>124,530</u>
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		127,992
Pledged deposits		3,768
Property, plant and equipment	10	257,673
Intangible assets	11	225,259
Other investments		1,230
Inventories		169,615
Trade and other receivables		139,461
Bank and other loans		(731,865)
Trade and other payables		(93,705)
Income tax payables		(223)
Deferred tax liabilities	25(b)	<u>(73,741)</u>
Total identifiable assets acquired and liabilities assumed		25,464
Non-controlling interests, based on their proportionate interest in the identifiable assets and liabilities of GWPL		(12,732)
Goodwill	11	<u>111,798</u>
Total		<u>124,530</u>

The goodwill resulting from this transaction is primarily attributed to the entrance to the Indian market, together with the synergies in operations and platform of advanced production technologies. None of the goodwill is expected to be deductible for income tax purpose.

Acquisition-related costs were minimal and included in “administrative expenses” in the consolidated statements of operations.

From the date of completion of acquisition to December 31, 2012, GWPL contributed revenue of RMB13,405,000 and net loss of RMB23,564,000 to the Group’s results.

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4 Acquisitions (continued)

(e) Acquisition of Gansu Shandan Xiehe Wind Power Co., Ltd. (“Shandan Xiehe”)

On August 31, 2013, the Group obtained control of Shandan Xiehe, which is principally engaged in the development and utilization of wind power, by acquiring 100% of the equity interests and voting interests in Shandan Xiehe. Shandan Xiehe has obtained the official approvals to develop a 49.5MW wind farm project. The acquisition is expected to provide the Group with future economic benefit from this wind farm project.

A summary of the fair value of the assets acquired and liabilities assumed at the date of acquisition is as follows:

	Note	RMB'000
Consideration		
Cash		<u>3,870</u>
Recognized amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	10	630
Intangible assets	11	11,732
Trade and other payables		(646)
Deferred tax liabilities	25(b)	<u>(2,977)</u>
Total identifiable assets acquired and liabilities assumed		<u>8,739</u>
Bargain purchase gain	6	<u>(4,869)</u>
Total		<u>3,870</u>

The transaction resulted in a bargain purchase gain, which is mainly attributable to the Group’s ability in negotiating the agreed terms of the transaction with the transferor. The bargain purchase gain of RMB4,869,000 has been included in “other income” in the consolidated statement of operations (Note 6).

Acquisition-related costs were minimal and included in “administrative expenses” in the consolidated statements of operations.

From the date of completion of the acquisition to December 31, 2013, Shandan Xiehe contributed net loss of RMB253,000 to the Group’s results. As the wind farm project is under construction, nil revenue has been recorded during the reporting period.

If the acquisitions of Shandan Xiehe had occurred on January 1, 2013, on a pro forma basis, there would not be any change in the consolidated revenue of the Group, and the Group’s consolidated loss for the year would have been RMB652,625,000. In determining these amounts, the Group has assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisitions had occurred on January 1, 2013.

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5 Revenue and segment reporting

(a) Revenue

Revenue represents the sales value of wind turbines, raw materials and electronic equipment, provision of maintenance services and construction contract revenue. Revenue is presented net of business taxes and surcharges, as well as value-added tax collected on behalf of tax authorities.

	2011 RMB'000	2012 RMB'000	2013 RMB'000
Sale of wind turbines	5,438,065	2,649,720	2,688,769
Sale of raw materials and electronic equipment	18,648	125,018	65,190
Maintenance services	37,018	66,632	90,871
Construction contract revenue	<u>22,088</u>	<u>51,730</u>	<u>—</u>
	<u>5,515,819</u>	<u>2,893,100</u>	<u>2,844,830</u>

Sales to the largest and the top five customers in terms of revenue recognized by the Group accounted for 43.96% and 88.41% for the year ended December 31, 2011, 27.88% and 64.04% for the year ended December 31, 2012, and 22.08% and 54.35% for the year ended December 31, 2013, respectively.

(b) Segment reporting

The Group has chosen to organize the entity around difference in geographical areas. The Group has two operating segments, which are manufacture and sale of wind turbines in PRC and the manufacture and sale of wind turbines in India. The integration between both segments mainly includes purchase and sale of wind turbines. Inter-segment pricing is determined on an arm's length basis.

Information regarding the Group's reportable segments as provided to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance for the year ended December 31, 2012 and 2013 is set out below.

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5 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Information about reportable segments

	Reportable segments					
	PRC		India		Total	
	2012* RMB'000	2013 RMB'000	2012* RMB'000	2013 RMB'000	2012* RMB'000	2013 RMB'000
External revenue	2,879,695	2,775,951	13,405	68,879	2,893,100	2,844,830
Inter-segment revenue	—	10,587	—	—	—	10,587
Segment revenue	<u>2,879,695</u>	<u>2,786,538</u>	<u>13,405</u>	<u>68,879</u>	<u>2,893,100</u>	<u>2,855,417</u>
Segment loss before income tax	(276,081)	(330,685)	(24,546)	(392,612)	(300,627)	(723,297)
Finance income	126,434	196,239	338	5,620	126,772	201,859
Finance expenses	(217,612)	(193,010)	(13,254)	(90,371)	(230,866)	(283,381)
Depreciation and amortization	(77,225)	(99,723)	(7,238)	(40,496)	(84,463)	(140,219)
Share of loss of associates	(7,396)	(3,558)	—	—	(7,396)	(3,558)
Other material non-cash items						
- Impairment loss on goodwill and other intangible assets	—	—	—	(179,661)	—	(179,661)
- Allowance for doubtful debts excluding amounts recorded as financial arrangement fees	(160,259)	(162,090)	—	—	(160,259)	(162,090)
Segment assets	11,063,061	10,924,106	1,003,963	541,589	12,067,024	11,465,695
- Investments in associates	9,166	25,608	—	—	9,166	25,608
- Investments in joint ventures	691,837	795,848	—	—	691,837	795,848
- Additions to non-current assets						
- Property, plant and equipment	372,571	90,525	257,672	356	630,243	90,881
- Intangible assets	29,849	14,039	337,058	—	366,907	14,039
- Lease prepayments	155,143	3,400	—	—	155,143	3,400
- Other investments	6,000	24,000	1,144	—	7,144	24,000
Segment liabilities	7,413,237	7,541,008	890,527	784,876	8,303,764	8,325,884

* As a result of the acquisition of GWPL on November 30, 2012 (Note 4(d)), the Group has changed its internal organization and the composition of its reportable segments.

(ii) Reconciliations of information on reportable segments to the Group's reported amounts

	2012 RMB'000	2013 RMB'000
(i) Revenue		
Total revenue for reportable segments	2,893,100	2,855,417
Elimination of inter-segment revenue	—	(10,587)
Consolidated revenue	<u>2,893,100</u>	<u>2,844,830</u>

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5 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of information on reportable segments to the Group's reported amounts (continued)

	2012 RMB'000	2013 RMB'000
(ii) Loss before income tax		
Total loss before income tax for reportable segments	(300,627)	(723,297)
Elimination of inter-segment profit	—	(2,553)
Consolidated loss before income tax	<u>(300,627)</u>	<u>(725,850)</u>
	2012 RMB'000	2013 RMB'000
(iii) Assets		
Reportable segment assets	12,067,024	11,465,695
Elimination of inter-segment receivables	—	(4,944)
Elimination of inter-segment profit	—	(2,553)
Elimination of inter-segment investments	<u>(125,710)</u>	<u>(121,938)</u>
Consolidated total assets	<u>11,941,314</u>	<u>11,336,260</u>
	2012 RMB'000	2013 RMB'000
(iv) Liabilities		
Reportable segment liabilities	8,303,764	8,325,884
Elimination of inter-segment payables	—	(4,944)
Consolidated total liabilities	<u>8,303,764</u>	<u>8,320,940</u>

[Table of Contents](#)**6 Other income**

	2011 RMB'000	2012 RMB'000	2013 RMB'000
Government grants	31,195	80,963	34,626
Bargain purchase gain (Note 4(c)/(e))	—	4,867	4,869
Others	5,000	—	5,458
	<u>36,195</u>	<u>85,830</u>	<u>44,953</u>

During the years ended December 31, 2011, 2012 and 2013, the Group received government grants of RMB57,654,000, RMB166,744,000 and RMB13,634,000, respectively. The government grants were provided to support the Group's research and development projects, the improvement of the Group's manufacturing facilities, and acquisition of land use right. The government grants are recognized in profit or loss in the same periods in which the expenses incurred are recognized, or with respect to the grants related to capital assets, over the useful life of the related assets. RMB31,195,000, RMB80,963,000 and RMB34,626,000 was recognized as other income for the years ended December 31, 2011, 2012 and 2013, respectively. The unrecognized portion of RMB205,207,000 and RMB184,215,000 was included as deferred income as of December 31, 2012 and 2013, respectively (Note 27).

7 Staff costs

	2011 RMB'000	2012 RMB'000	2013 RMB'000
Contributions to defined contribution retirement plan	11,492	9,132	9,317
Equity-settled share-based payment expenses (Note 28(d))	112,509	42,939	33,245
Salaries, wages and other benefits	171,598	168,799	207,405
	<u>295,599</u>	<u>220,870</u>	<u>249,967</u>

[Table of Contents](#)**8 Profit / (loss) before income tax****(a) Net finance expenses**

	Note	2011 RMB'000	2012 RMB'000	2013 RMB'000
Interest income		26,982	64,614	63,469
Exchange gain, net		32,747	—	9,759
Net change in fair value of foreign exchange forward contracts		1,641	—	—
Income from investments in joint ventures	14	9,260	52,957	73,570
Remeasurement to fair value of pre-existing interest in an acquiree	4(c)	—	9,201	—
Fair value change of financial assets at fair value through profit or loss	15	—	—	55,061
Finance income		<u>70,630</u>	<u>126,772</u>	<u>201,859</u>
Interest expenses		(47,113)	(152,108)	(271,987)
Financial arrangement fees		(114,795)	(54,250)	(11,394)
Exchange loss, net		—	(3,837)	—
Fair value change of financial assets at fair value through profit or loss	15	—	(20,671)	—
Finance expenses		<u>(161,908)</u>	<u>(230,866)</u>	<u>(283,381)</u>
Net finance expenses		<u>(91,278)</u>	<u>(104,094)</u>	<u>(81,522)</u>

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8 Profit / (loss) before income tax (continued)

(a) Net finance expenses (continued)

Financial arrangement fees of RMB114,795,000, RMB54,250,000 and RMB11,394,000 represent the fees charged or to be charged by banks for the settlement of trade receivables for the years ended December 31, 2011, 2012 and 2013, respectively.

The Group recorded interest expenses of RMB87,872,000 and RMB91,458,000 for medium-term notes for the years ended December 31, 2012 and 2013, respectively (Note 24).

(b) Other items charged in arriving at profit / (loss) before income tax include:

	Note	2011 RMB'000	2012 RMB'000	2013 RMB'000
Expenses include:				
Amortization#				
- intangible assets	11	11,497	11,729	40,007
- lease prepayments	12	2,353	5,532	8,190
Depreciation#	10	45,372	67,202	92,022
Operating lease charges:				
minimum lease payments#		36,078	25,970	13,088
Auditors' remuneration		10,300	7,550	7,550
Transportation expenses		120,908	65,312	116,769
Impairment loss on goodwill and other intangible assets	11	—	—	179,661
Provision for warranty	26	180,139	87,708	87,972
Allowance for doubtful debts excluding amounts recorded as financial arrangement fees (Note 8(a))		16,604	160,259	162,090
Cost of inventories#	16(b)	4,320,458	2,420,593	2,494,579

During the years ended December 31, 2011, 2012 and 2013, cost of inventories includes RMB159,378,000, RMB126,666,000 and RMB162,582,000 relating to staff costs, depreciation and amortization expenses and operating lease charges, which amount are also included in the respective total amounts disclosed separately above or in the notes for each of these types of expenses.

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9 **Income tax expense / (benefit)**

(a) *Income tax expense / (benefit) in the consolidated statements of comprehensive income represents:*

	<i>2011</i>	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000	RMB'000
PRC income tax:			
Current tax - provision for the year	<u>127,829</u>	<u>41,691</u>	<u>925</u>
Deferred tax (Note 25)			
Origination and reversal of temporary differences	(54,741)	(41,478)	(79,342)
Recognition of previously unrecognized tax losses and other deductible temporary differences	(70)	—	—
	<u>(54,811)</u>	<u>(41,478)</u>	<u>(79,342)</u>
	<u>73,018</u>	<u>213</u>	<u>(78,417)</u>

[Table of Contents](#)**9 Income tax expense / (benefit) (continued)****(b) Reconciliation between tax expense / (benefit) and accounting profit / (loss) at applicable tax rates:**

	2011 RMB'000	2012 RMB'000	2013 RMB'000
Profit / (loss) before income tax	<u>365,311</u>	<u>(300,627)</u>	<u>(725,850)</u>
Notional tax (expense) / benefit calculated at the statutory tax rates (i)(ii)	(91,328)	75,157	181,463
Additional deduction for research and development expenses	9,993	4,236	10,080
Effect of non-deductible expenses:			
Share-based compensation expenses	(28,127)	(10,735)	(6,945)
Salaries and staff costs	(6)	(856)	(256)
Entertainment expenses	(2,179)	(2,002)	(2,046)
Goodwill impairment (Note 11(ii))	—	—	(24,750)
Other expenses	(253)	(1,211)	(2,171)
Effect of non-taxable income	—	3,517	1,217
Effect of tax rate differential (i)	(38,210)	(42,766)	(43,757)
Effect of preferential tax rate (i)	85,052	15,220	—
Effect of tax losses not recognized	(4,485)	(16,730)	(43,095)
Effect of other temporary differences not recognized	(2,905)	(23,764)	(1,003)
Utilization of previously unrecognized tax losses and other deductible temporary differences	—	—	9,680
Recognition of previously unrecognized tax losses and other deductible temporary differences	70	—	—
Others	<u>(640)</u>	<u>(279)</u>	<u>—</u>
Actual income tax (expense) / benefit	<u>(73,018)</u>	<u>(213)</u>	<u>78,417</u>

9 Income tax expense / (benefit) (continued)

(b) Reconciliation between tax expense / (benefit) and accounting profit / (loss) at applicable tax rates (continued):

- (i) Effective from January 1, 2008, the PRC statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC tax at 25%, unless otherwise specified. Guangdong Mingyang and Jilin Mingyang have qualified as an "Advanced and New Technology Enterprise" ("ANTE"), and are entitled to the preferential income tax rate of 15% from 2012 to 2014. Tianjin Mingyang Wind Power Blade Technology Co., Ltd. ("Tianjin Blade") and Tianjin Mingyang Wind Power Equipment Co., Ltd. ("Tianjin Equipment") have qualified as an ANTE and are entitled to the preferential income tax rate of 15% from 2011 to 2013. Management is of the view that these entities will continue their ANTE status upon renewals for another three years from their respective years of initial approvals.
- (ii) Effective from January 1, 2013, the India statutory income tax rate applicable to the Group's subsidiaries in India is 30.90%.

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10 Property, plant and equipment

	<i>Land and buildings</i> RMB'000	<i>Machinery and equipment</i> RMB'000	<i>Furniture, fixtures and office equipment</i> RMB'000	<i>Leasehold improvements</i> RMB'000	<i>Motor vehicles</i> RMB'000	<i>Construction in progress</i> RMB'000	<i>Total</i> RMB'000
Cost:							
As of January 1, 2012	292,298	158,198	73,976	8,023	19,623	37,609	589,727
Acquisition through business combination (Note 4(b)/(c)/(d))	339,929	73,270	6,503	—	141	48,959	468,802
Additions	13,197	31,108	13,691	—	3,402	100,043	161,441
Transferred from construction in progress	101,782	6,963	—	—	—	(108,745)	—
Disposals	—	(3,902)	(1,923)	—	(1,283)	—	(7,108)
Effect of movement in exchange rates	(1,434)	(717)	(16)	—	(1)	(507)	(2,675)
As of December 31, 2012	<u>745,772</u>	<u>264,920</u>	<u>92,231</u>	<u>8,023</u>	<u>21,882</u>	<u>77,359</u>	<u>1,210,187</u>
As of January 1, 2013	745,772	264,920	92,231	8,023	21,882	77,359	1,210,187
Acquisition through business combination (Note 4(e))	—	—	15	—	615	—	630
Additions	8,013	20,394	29,952	—	3,860	28,032	90,251
Transferred from construction in progress	43,992	11,947	1,308	—	385	(57,632)	—
Disposals	(92)	(21,051)	(1,903)	—	(1,080)	—	(24,126)
Effect of movement in exchange rates	(18,206)	(9,040)	(198)	—	(19)	(6,442)	(33,905)
As of December 31, 2013	<u>779,479</u>	<u>267,170</u>	<u>121,405</u>	<u>8,023</u>	<u>25,643</u>	<u>41,317</u>	<u>1,243,037</u>

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10 Property, plant and equipment (continued)

	<i>Land and buildings</i> RMB'000	<i>Machinery and equipment</i> RMB'000	<i>Furniture, fixtures and office equipment</i> RMB'000	<i>Leasehold improvements</i> RMB'000	<i>Motor vehicles</i> RMB'000	<i>Construction in progress</i> RMB'000	<i>Total</i> RMB'000
Accumulated depreciation:							
As of January 1, 2012	15,809	46,289	16,841	6,243	6,768	—	91,950
Charge for the year	16,655	19,450	25,259	1,780	4,058	—	67,202
Written back on disposals	—	(1,166)	(575)	—	(531)	—	(2,272)
As of December 31, 2012	<u>32,464</u>	<u>64,573</u>	<u>41,525</u>	<u>8,023</u>	<u>10,295</u>	<u>—</u>	<u>156,880</u>
As of January 1, 2013	32,464	64,573	41,525	8,023	10,295	—	156,880
Charge for the year	28,846	33,964	24,277	—	4,935	—	92,022
Written back on disposals	(17)	(4,825)	(1,295)	—	(738)	—	(6,875)
Effect of movement in exchange rates	(246)	(395)	(25)	—	(2)	—	(668)
As of December 31, 2013	<u>61,047</u>	<u>93,317</u>	<u>64,482</u>	<u>8,023</u>	<u>14,490</u>	<u>—</u>	<u>241,359</u>
Net book value:							
As of December 31, 2012	<u>713,308</u>	<u>200,347</u>	<u>50,706</u>	<u>—</u>	<u>11,587</u>	<u>77,359</u>	<u>1,053,307</u>
As of December 31, 2013	<u>718,432</u>	<u>173,853</u>	<u>56,923</u>	<u>—</u>	<u>11,153</u>	<u>41,317</u>	<u>1,001,678</u>

As of December 31, 2012 and 2013, property, plant and equipment with carrying amount of RMB237,101,000 and RMB196,872,000 are pledged as security for the Group's bank loans of RMB241,797,000 and RMB332,523,000 (Note 23), respectively.

[Table of Contents](#)**11 Intangible assets**

	<i>Unpatented technology</i> RMB'000	<i>Customer relationship</i> RMB'000	<i>Order backlog</i> RMB'000	<i>Trademark</i> RMB'000	<i>Wind farm development right</i> RMB'000	<i>Goodwill</i> RMB'000	<i>Total</i> RMB'000
Cost:							
As of January 1, 2012	98,961	—	—	—	—	9,726	108,687
Acquisition through business combination (Note 4(b)/(d))	78,032	88,588	15,033	43,606	19,379	122,269	366,907
Effect of movement in exchange rates	(809)	(917)	(156)	(452)	—	—	(2,334)
As of December 31, 2012	<u>176,184</u>	<u>87,671</u>	<u>14,877</u>	<u>43,154</u>	<u>19,379</u>	<u>131,995</u>	<u>473,260</u>
As of January 1, 2013	176,184	87,671	14,877	43,154	19,379	131,995	473,260
Acquisition through business combination (Note 4(e))	—	—	—	—	11,732	—	11,732
Other additions	2,307	—	—	—	—	—	2,307
Effect of movement in exchange rates	(10,268)	(11,657)	(1,978)	(5,738)	—	—	(29,641)
As of December 31, 2013	<u>168,223</u>	<u>76,014</u>	<u>12,899</u>	<u>37,416</u>	<u>31,111</u>	<u>131,995</u>	<u>457,658</u>

[Table of Contents](#)**11 Intangible assets (continued)**

	<i>Unpatented technology</i> RMB'000	<i>Customer relationship</i> RMB'000	<i>Order backlog</i> RMB'000	<i>Trademark</i> RMB'000	<i>Wind farm development right</i> RMB'000	<i>Goodwill</i> RMB'000	<i>Total</i> RMB'000
Accumulated amortization and impairment loss:							
As of January 1, 2012	33,850	—	—	—	—	—	33,850
Charge for the year	7,347	663	3,719	—	—	—	11,729
As of December 31, 2012	41,197	663	3,719	—	—	—	45,579
As of January 1, 2013	41,197	663	3,719	—	—	—	45,579
Charge for the year	20,408	7,367	11,002	—	1,230	—	40,007
Impairment loss	32,306	25,315	—	23,040	—	99,000	179,661
Effect of movement in exchange rates	(1,026)	(557)	(1,822)	—	—	—	(3,405)
As of December 31, 2013	92,885	32,788	12,899	23,040	1,230	99,000	261,842
Carrying amounts:							
As of December 31, 2012	134,987	87,008	11,158	43,154	19,379	131,995	427,681
As of December 31, 2013	75,338	43,226	—	14,376	29,881	32,995	195,816

11 Intangible assets (continued)

As of December 31, 2012 and 2013, intangible assets with carrying amount of RMB71,648,000 and RMB11,028,000 are pledged as security for the Group's bank loans of RMB241,797,000 and RMB332,523,000 (Note 23), respectively.

Impairment loss on Indian operating segment

Impairment loss is recognized in relation to the intangible assets of the Indian operating segment and the goodwill allocated to the CGU for manufacture and sale of wind turbines in India, which is also the Indian operating segment, as follows:

	Note	2012 RMB'000	2013 RMB'000
Unpatented technology	(i)	—	32,306
Customer relationship	(i)	—	25,315
Trademark	(i)	—	23,040
		—	80,661
Goodwill	(ii)	—	99,000
Total impairment loss		—	179,661

On November 30, 2012, the Group acquired 50% equity interests in GWPL, and GWPL became a subsidiary of the Group since then (Note 4(d)). GWPL and its wholly owned subsidiary, GWISPL, constitute the Group's Indian operating segment, and are principally engaged in the manufacture and sale of wind turbines.

The goodwill resulting from this acquisition was RMB111,798,000, primarily attributed to the entrance to the Indian market, together with the synergies in operations and platform of advanced production technologies. Furthermore, in connection with this acquisition, the Group acquired certain intangible assets, mainly unpatented technology, customer relationship and trademark. The carrying amount of these intangible assets as of December 31, 2013 that was subject to impairment testing was RMB159,137,000. GWPL was originally expected to focus on the manufacture and sale of wind turbines with the designed output of 750KW, 2.0MW and 2.5MW in India. Since 2013, some of the major customers of GWPL significantly reduced their orders for wind turbines supplied by GWPL as they encountered financial difficulty as a result of depreciation of Indian Rupee. Consequently, the economic benefit of these intangible assets is not expected to be realized as previously forecasted. Management carried out an impairment test on intangible assets and goodwill relating to the Group's Indian operating segment as of December 31, 2013, and an impairment loss of RMB179,661,000 was recognized.

The impairment loss was included in "impairment loss on goodwill and other intangible assets" in the consolidated statements of operations.

11 Intangible assets (continued)

(i) Impairment loss in relation to intangible assets (other than goodwill)

At December 31, 2013, the intangible assets relating to the Group's Indian operating segment (net of impairment loss) was as follows:

	2013 RMB'000
Unpatented technology	20,874
Customer relationship	43,226
Trademark	<u>14,376</u>
	<u>78,476</u>

The recoverable amount of these intangible assets was estimated based on the present value of the projected future cash flows expected to be derived from the intangible assets (value in use) using the post-tax discount rates for the respective assets as follows:

	2013
Unpatented technology	29% or 30%
Customer relationship	23% or 29%
Trademark	28%

The fair value measurement was categorized as a Level 3 fair value based on inputs in the valuation techniques used.

The recoverable amount of other intangible assets relating to the PRC operating segment is estimated to be higher than the carrying amount, and no impairment was required during the years ended December 31, 2011, 2012 and 2013.

(ii) Impairment testing for CGUs containing goodwill

As of December 31, 2012 and 2013, goodwill (net of impairment loss) has been allocated to the Group's CGUs as follows:

	2012 RMB'000	2013 RMB'000
Manufacture and sale of wind turbines-India	111,798	12,798
Manufacture and sale of wind turbines-PRC	9,726	9,726
Wind farm operation-PRC	<u>10,471</u>	<u>10,471</u>
	<u>131,995</u>	<u>32,995</u>

11 Intangible assets (continued)

(ii) Impairment testing for CGUs containing goodwill (continued)

For the purpose of impairment testing, goodwill arising from the acquisition of GWPL (Note 4(d)) and Zhongshan Mingyang Wind Power Blade Technology Co., Ltd. (“Zhongshan Blade”) are allocated to the manufacture and sale of wind turbines-India CGU and the manufacture and sale of wind turbines-PRC CGU, respectively, whereas goodwill arising from the acquisition of Fengchangyuan New Energy (Note4(b)) is allocated to wind farm operation-PRC CGU, which represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

(a) Manufacture and sale of wind turbines-India

At December 31, 2013, the recoverable amount of the CGU for the purpose of impairment testing of goodwill allocated to the manufacture and sale of wind turbines-India CGU was as follows:

	2013 RMB'000
Manufacture and sale of wind turbines-India	<u>401,537</u>

The recoverable amount of the manufacture and sale of wind turbines-India CGU was based on value in use, using a discounted cash flow methodology through internal analysis, which utilizes income approach through the application of discounted cash flow method. The key assumptions used in the estimation of the recoverable amount are set out as below. The values assigned to the key assumptions represented management’s assessment of future trends in the relevant industry and were based on historical data from external and internal sources.

	2013
Discount rate	23.2%
Terminal value growth rate	5.0%

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for seven years and a terminal growth rate thereafter, for which management believes these projections are reliable. The terminal growth rate was determined based on management’s understanding on the industry’s development trends.

Budgeted Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) was estimated based on expectations of future outcome, taking into account past experience, adjusted for factors as follows:

- Revenue growth was projected by reference to the average growth levels of the local wind turbine industry, and taking into account the orders obtained from and backlog agreed with customers by December 31, 2013.
- The percentage of operating EBITDA over revenue was estimated by reference to that of other comparable listed companies.

As of December 31, 2013, if discount rate had increased by 0.2% from management’s estimates with other variables constant with the expectations, the Company would have to further recognize impairment against goodwill by approximately RMB9,700,000. If terminal value growth rate had decreased by 0.5% from the management’s estimates with other variables constant with the expectations, the Company would have to further recognize impairment against goodwill by approximately RMB4,100,000.

11 Intangible assets (continued)

(ii) Impairment testing for CGUs containing goodwill (continued)

(b) Manufacture and sale of wind turbines-PRC and Wind farm operation-PRC

The recoverable amount of goodwill other than those related to the Group's Indian operating segment was estimated to be higher than the carrying amount as of December 31, 2012 and 2013, and therefore no impairment was recognized for the years ended December 31, 2012 and 2013.

12 Lease prepayments

	<i>Note</i>	RMB'000
Cost:		
As of January 1, 2012		211,117
Acquisition through business combination	4(c)	121,865
Additions		<u>33,278</u>
As of December 31, 2012		<u>366,260</u>
As of January 1, 2013		366,260
Additions		<u>3,400</u>
As of December 31, 2013		<u>369,660</u>
Accumulated amortization:		
As of January 1, 2012		3,796
Charge for the year		<u>5,532</u>
As of December 31, 2012		<u>9,328</u>
As of January 1, 2013		9,328
Charge for the year		<u>8,190</u>
As of December 31, 2013		<u>17,518</u>
Net book value:		
As of December 31, 2012		<u>356,932</u>
As of December 31, 2013		<u>352,142</u>

As of December 31, 2012 and 2013, no land use right of the Group was pledged.

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13 Investments in associates

	<i>December 31,</i>						
	<i>2012</i>	<i>2013</i>					
	RMB'000	RMB'000					
Carrying amount of interest in associates	<u>9,166</u>	<u>25,608</u>					
	<i>2011</i>	<i>2012</i>	<i>2013</i>				
	RMB'000	RMB'000	RMB'000				
Share of profit / (loss) from continuing operation	<u>2,275</u>	<u>(7,396)</u>	<u>(3,558)</u>				
<i>Name of associates</i>	<i>Form of business structure</i>	<i>Place of incorporation and operation</i>	<i>Paid-in capital as of December 31, 2013</i>	<i>Percentage of equity interests as of December 31,</i>			<i>Principal activities</i>
			<u>RMB'000</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Tianjin Technology (Note 4(c))	Incorporated	Tianjin	RMB 83,000	34.94%	100.00%	100.00%	Leasing, Manufacture and sale of wind turbines
Inner Mongolia Mingyang Wind Power Equipment Co., Ltd. ("Inner Mongolia Equipment")	Incorporated	Inner Mongolia	RMB 30,000	33.00%	33.00%	33.00%	Manufacture and sale of wind turbines
Huaneng Mingyang New Energy Investment Co., Ltd. ("Huaneng Mingyang")	Incorporated	Guangdong	RMB 20,000	—	37.00%	37.00%	Manufacture and sale of wind turbines
Guangdong Huadi New Energy Investment Management Co., Ltd. ("Guangdong Huadi")	Incorporated	Guangdong	RMB 60,000	—	—	25.00%	Investment activities
Zhonghe Henan Renewable Energy Co., Ltd. ("Zhonghe Henan")	Incorporated	Henan	RMB 20,000	—	—	25.00%	Development and operation of wind farms

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13 Investments in associates (continued)

	Note	Total assets RMB'000	Total liabilities RMB'000	Net assets RMB'000	Income RMB'000	Expenses RMB'000	Profit / (loss) and total comprehensive income / (loss) RMB'000	Group's share of net assets RMB'000	Group's share of profit / (loss) RMB'000
2011									
Tianjin Technology	4(c)	302,323	207,599	94,724	25,789	(21,453)	4,336	33,136	1,515
Inner Mongolia Equipment	(i)	<u>330,270</u>	<u>308,233</u>	<u>22,037</u>	<u>259,121</u>	<u>(256,817)</u>	<u>2,304</u>	<u>10,501</u>	<u>760</u>
		<u>632,593</u>	<u>515,832</u>	<u>116,761</u>	<u>284,910</u>	<u>(278,270)</u>	<u>6,640</u>	<u>43,637</u>	<u>2,275</u>
2012									
Tianjin Technology	4(c)	—	—	—	21,491	(17,659)	3,832	—	1,339
Inner Mongolia Equipment	(i)	<u>211,014</u>	<u>205,660</u>	<u>5,354</u>	<u>20,120</u>	<u>(46,587)</u>	<u>(26,467)</u>	<u>1,766</u>	<u>(8,735)</u>
Huaneng Mingyang	(ii)	<u>20,013</u>	<u>13</u>	<u>20,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,400</u>	<u>—</u>
		<u>231,027</u>	<u>205,673</u>	<u>25,354</u>	<u>41,611</u>	<u>(64,246)</u>	<u>(22,635)</u>	<u>9,166</u>	<u>(7,396)</u>
2013									
Inner Mongolia Equipment	(i)	<u>180,701</u>	<u>173,683</u>	<u>7,018</u>	<u>24,723</u>	<u>(23,059)</u>	<u>1,664</u>	<u>—</u>	<u>(1,766)</u>
Huaneng Mingyang	(ii)	<u>14,431</u>	<u>—</u>	<u>14,431</u>	<u>—</u>	<u>(5,569)</u>	<u>(5,569)</u>	<u>5,339</u>	<u>(2,061)</u>
Guangdong Huadi	(iii)	<u>59,018</u>	<u>189</u>	<u>58,829</u>	<u>1,920</u>	<u>(844)</u>	<u>1,076</u>	<u>15,269</u>	<u>269</u>
Zhonghe Henan	(iv)	<u>100,040</u>	<u>80,040</u>	<u>20,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,000</u>	<u>—</u>
		<u>354,190</u>	<u>253,912</u>	<u>100,278</u>	<u>26,643</u>	<u>(29,472)</u>	<u>(2,829)</u>	<u>25,608</u>	<u>(3,558)</u>

13 Investments in associates (continued)

- (i) On July 28, 2010, Guangdong Mingyang entered into a shareholders' agreement with a natural person with respect to the establishment of Inner Mongolia Equipment in Inner Mongolia. The registered capital of Inner Mongolia Equipment is RMB30,000,000, and has been made in full by both parties as of December 31, 2013. Pursuant to the Articles of Association of Inner Mongolia Equipment, Guangdong Mingyang and the natural person have 33% and 67% of the voting rights on all operational and financial decisions and shares of its profit or loss, respectively.

As of December 31, 2013, unrealized profit in respect of the sale of wind turbines from Inner Mongolia Equipment to Guangdong Mingyang amounted to RMB21,327,000. The proportional unrealized profit shared by the Group of RMB7,038,000 was not fully eliminated upon consolidation, but to the extent of the Group's interest in the investee of RMB2,316,000. In this connection, the Group's interest in Inner Mongolia Equipment as at December 31, 2013 was reduced to nil.

The Group's trade receivables from Inner Mongolia Equipment in respect of the sale of raw materials are disclosed in Note 33(a).

- (ii) On August 31, 2012, Guangdong Mingyang entered into a shareholders' agreement with Huaneng Renewables Corp. ("Huaneng Renewables") with respect to the establishment of Huaneng Mingyang in Guangdong. The registered capital of Huaneng Mingyang is RMB100,000,000. According to the shareholders' agreement, Guangdong Mingyang and Huaneng Renewables agreed to make cash injections of RMB37,000,000 and RMB63,000,000 to Huaneng Mingyang, representing 37% and 63% of the registered capital in Huaneng Mingyang, respectively. As of December 31, 2013, Guangdong Mingyang and Huaneng Renewables have made cash injections of RMB7,400,000 and RMB12,600,000, respectively. The outstanding cash injections of RMB29,600,000 (Note 32(b)) and RMB50,400,000 are expected to be made by Guangdong Mingyang and Huaneng Renewables, respectively, within two years from the date of incorporation. Pursuant to the Articles of Association of Huaneng Mingyang, Guangdong Mingyang and Huaneng Renewables have 37% and 63% of the voting rights on all operational and financial decisions and shares of its profit or loss, respectively. As of December 31, 2012, Huaneng Mingyang had not commenced business operations. For the year ended December 31, 2013, Huaneng Mingyang did not generate any revenue and had loss of RMB5,569,000 as a result of pre-operating expenses for which the Group's share of loss is RMB2,061,000.
- (iii) On May 29, 2013, Guangdong Mingyang acquired 25% equity shares of Guangdong Huadi from a third party for a cash consideration of RMB15,000,000. The registered capital of Guangdong Huadi is RMB60,000,000. According to the Articles of Association of Guangdong Huadi, Guangdong Mingyang and the other shareholders have 25% and 75% of the voting rights on all operational and financial decisions and shares of its profit or loss, respectively.
- (iv) On June 18, 2013, Guangdong Mingyang entered into a shareholders' agreement with Zhonghe Huineng Co., Ltd. ("Zhonghe Huineng") and Guodian Henan Zhongtuo Yingke Renewable Energy Co., Ltd. ("Guodian Zhongtuo") with respect to the establishment of Zhonghe Henan in Henan. The registered capital of Zhonghe Henan is RMB20,000,000. As of December 31, 2013, Guangdong Mingyang, Zhonghe Huineng and Guodian Zhongtuo has made cash injections of RMB5,000,000, RMB10,200,000 and RMB4,800,000 in full, respectively. Pursuant to the Articles of Association of Zhonghe Henan, Guangdong Mingyang, Zhonghe Huineng and Guodian Zhongtuo have 25%, 51% and 24% of the voting rights on all operational and financial decisions and shares of its profit or loss, respectively. As of December 31, 2013, Zhonghe Henan had not commenced business operations.

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14 Investments in joint ventures

	<i>December 31,</i>				
	<i>2012</i>	<i>2013</i>			
			<i>RMB'000</i>	<i>RMB'000</i>	
Share of paid-in capital	637,806	681,010			
Income from investment in joint ventures	54,031	114,838			
	<u>691,837</u>	<u>795,848</u>			

<i>Name of joint ventures</i>	<i>Form of business structure</i>	<i>Place of incorporation and operation</i>	<i>Paid-in capital as of December 31, 2013</i>	<i>Percentage of equity interests as of December 31,</i>			<i>Principal activities</i>
				<i>RMB'000</i>	<i>2011</i>	<i>2012</i>	
Daqing Zhongdan Ruihao Wind Power Generating Co., Ltd. (“Zhongdan Ruihao”)	Incorporated	Heilongjiang	RMB158,000	88.89%	90.51%	90.51%	Development and operation of wind farms
Inner Mongolia Huitengxile Generator Co., Ltd. (“Huitengxile Generator”)	Incorporated	Inner Mongolia	N/A	58.33%	31.82%	—	Development and operation of wind farms
Inner Mongolia Huifeng New Energy Co., Ltd. (“Huifeng New Energy”)	Incorporated	Inner Mongolia	N/A	51.00%	51.00%	—	Development and operation of wind farms
Daqing Dumeng Hujitumo Wind Power Co., Ltd. (“Daqing Dumeng”)	Incorporated	Heilongjiang	RMB 135,000	—	88.89%	88.89%	Development and operation of wind farms
Xinjiang Wanbang Energy Development Co., Ltd. (“Xinjiang Wanbang”)	Incorporated	Xinjiang	RMB 120,000	—	80.00%	66.67%	Development and operation of wind farms
Daqing Dumeng Dairy Farm Wind Power Co., Ltd. (“Daqing Dairy Farm”)	Incorporated	Heilongjiang	RMB 135,000	—	88.89%	88.89%	Development and operation of wind farms
Inner Mongolia Mingyang Wind Power Co., Ltd. (“Inner Mongolia Wind Power”)	Incorporated	Inner Mongolia	RMB 83,000	—	96.40%	96.40%	Development and operation of wind farms
Daqing Dumeng Huzhen Dairy Farm Wind Power Co., Ltd. (“Huzhen Dairy Farm”)	Incorporated	Heilongjiang	RMB 135,000	—	—	88.89%	Development and operation of wind farms
Datang Gongcheng New Energy Co., Ltd. (“Datang Gongcheng”)	Incorporated	Guangxi	RMB 20,000	—	—	97.50%	Development and operation of wind farms

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14 Investments in joint ventures (continued)

	<i>Total assets</i> RMB'000	<i>Total liabilities</i> RMB'000	<i>Net assets</i> RMB'000	<i>Income</i> RMB'000	<i>Expenses</i> RMB'000	<i>(Loss) / profit and total comprehensive (loss) / income</i> RMB'000	<i>Group's share of paid-in capital</i> RMB'000	<i>Group's share of profit / (loss)</i> RMB'000
2011								
Zhongdan Ruihao	134,994	408	134,586	—	(381)	(381)	120,000	—
Huitengxile Generator	138,901	20,328	118,573	23	(1,301)	(1,278)	70,000	—
Huifeng New Energy	144,139	33,230	110,909	—	(85)	(85)	56,610	—
	<u>418,034</u>	<u>53,966</u>	<u>364,068</u>	<u>23</u>	<u>(1,767)</u>	<u>(1,744)</u>	<u>246,610</u>	<u>—</u>
2012								
Zhongdan Ruihao	445,656	289,167	156,489	29	(1,126)	(1,097)	143,000	—
Huitengxile Generator	424,960	309,690	115,270	18,272	(21,575)	(3,303)	38,186	—
Huifeng New Energy	329,149	207,000	122,149	26,718	(15,478)	11,240	56,610	—
Daqing Dumeng	141,145	6,812	134,333	101	(660)	(559)	120,000	—
Xinjiang Wanbang	100,521	2,037	98,484	44	(1,182)	(1,138)	80,000	—
Daqing Dairy Farm	215,956	81,143	134,813	24	(137)	(113)	120,000	—
Inner Mongolia Wind Power	142,752	62,027	80,725	14	(1,703)	(1,689)	80,010	—
	<u>1,800,139</u>	<u>957,876</u>	<u>842,263</u>	<u>45,202</u>	<u>(41,861)</u>	<u>3,341</u>	<u>637,806</u>	<u>—</u>

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14 Investments in joint ventures (continued)

	<i>Total assets</i>	<i>Total liabilities</i>	<i>Net assets</i>	<i>Income</i>	<i>Expenses</i>	<i>(Loss) / profit and total comprehensive (loss) / income</i>	<i>Group's share of paid-in capital</i>	<i>Group's share of profit / (loss)</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2013								
Zhongdan Ruihao	467,389	312,587	154,802	21	(1,700)	(1,679)	143,000	—
Daqing Dumeng	356,180	225,026	131,154	—	(3,186)	(3,186)	120,000	—
Xinjiang Wanbang	332,477	216,978	115,499	27	(2,910)	(2,883)	80,000	—
Daqing Dairy Farm	209,840	77,564	132,276	6	(2,544)	(2,538)	120,000	—
Inner Mongolia Wind Power	589,472	518,310	71,162	—	(9,564)	(9,564)	80,010	—
Huzhen Dairy Farm	141,087	9,278	131,809	42	(3,046)	(3,004)	120,000	—
Datang Gongcheng	20,139	139	20,000	—	—	—	18,000	—
	<u>2,116,584</u>	<u>1,359,882</u>	<u>756,702</u>	<u>96</u>	<u>(22,950)</u>	<u>(22,854)</u>	<u>681,010</u>	<u>—</u>

14 Investments in joint ventures (continued)

Guangdong Mingyang entered into several shareholders' agreements pursuant to which it would contribute cash injection into the registered capital of joint ventures. In accordance with the shareholders' agreement, except for Datang Gongcheng, the other shareholders of the joint ventures ("the Other Shareholders") are obligated to repurchase the equity interests in the joint ventures held by Guangdong Mingyang within two to five years after completion of certain mile-stone events. Guangdong Mingyang is entitled to a fixed-rate annual return of 15% to 16% of the amount or part of the amount it contributed to the registered capital of the joint ventures. The amount of the fixed-rate annual return will be settled by the Other Shareholders when the Other Shareholders repurchase the equity interests in the joint ventures held by Guangdong Mingyang. According to the shareholders' agreements, unanimous consent between Guangdong Mingyang and the Other Shareholders is required for all strategic financial and operating decisions of the joint ventures. Guangdong Mingyang is not entitled to any dividend or residual interest of the joint ventures except for the fixed-rate annual return mentioned above.

The investments in these entities are accounted for as investments in joint ventures. The Group recognized income from investments in joint ventures of RMB9,260,000, RMB52,957,000 and RMB73,570,000 for the years ended December 31, 2011, 2012 and 2013, respectively (Note 8(a)), representing the fixed-rate return of the amount or part of the amount it contributed to the joint ventures. Under the terms of each of the shareholders' agreements, Guangdong Mingyang is not entitled to share the entities' operating results. Therefore, the Group's share of these entities' net assets are limited to the Group's respective shares of these entities' registered capital and the amount of the fixed-rate return.

Guangdong Mingyang also entered into agreements with the joint ventures to sell certain wind turbines and provide relevant maintenance service to the joint ventures. Since the Group in substance provides interest bearing advances to other shareholders of the joint ventures, it retains a significant risk of ownership when receipt of revenue from the sale of wind turbines to the joint ventures is contingent upon the derivation of revenue by the buyer from the operation of wind turbines. Therefore, in addition to meeting all the criteria for revenue recognition, the Group does not recognize revenue from the sale of wind turbines to the joint ventures until the joint ventures have demonstrated their current ability to settle the sales amount of the wind turbines, other than solely from the future generation of cash flows from the wind farm operations. Such ability is usually evidenced by the joint ventures obtaining financing (independent from the Group) to settle the sales amount of wind turbines, such as obtaining bank loans that are not guaranteed by the Group, its subsidiaries or related parties.

The Group recognized revenue of RMB159,399,000 from sale of wind turbines to its joint ventures during the year ended December 31, 2013. As of December 31, 2013, wind turbines of RMB293,446,000 were delivered to and accepted by joint ventures. Such joint ventures have not obtained financing (independent from the Group) to settle the sales amount of wind turbines. Accordingly, no revenue were recognized on the delivery of these wind turbines. The Group's trade receivables from the joint ventures in respect of the sale of wind turbines are disclosed in Note 33(a).

14 Investments in joint ventures (continued)

During the years ended December 31, 2012 and 2013, the Other Shareholders of Huitengxile Generator repurchased 26.51% and 31.82% equity interests of RMB31,814,000 and RMB38,186,000, respectively, in Huitengxile Generator held by Guangdong Mingyang, and settled the fixed return of RMB8,186,000 and RMB2,663,000, respectively. As of December 31, 2013, the Group's investment in Huitengxile Generator is nil.

During the year ended December 31, 2013, the Other Shareholders of Huifeng New Energy repurchased all the 51% equity interests of RMB56,610,000 in Huifeng New Energy held by Guangdong Mingyang and settled the fixed return of RMB10,100,000. As of December 31, 2013, the Group's investment in Huifeng New Energy is nil.

On November 15, 2012, Guangdong Mingyang entered into an agreement with Daqing Longjiang Wind Power Generating Co., Ltd. ("Daqing Longjiang") pursuant to which it would contribute cash of RMB120,000,000 into the registered capital of Huzhen Dairy Farm. Upon the capital contribution made on January 7, 2013, Guangdong Mingyang and Daqing Longjiang each holds 88.89% and 11.11% registered capital interest of Huzhen Dairy Farm, respectively. Key terms of the agreement resemble that of the Group's other joint venture arrangements (except for Datang Gongcheng). Guangdong Mingyang is entitled to a fixed-rate annual return of 15% of the amount it contributed to the registered capital of Huzhen Dairy Farm.

On May 31, 2013, Guangdong Mingyang entered into an agreement with Datang Guilin New Energy Co., Ltd. ("Datang Guilin") pursuant to which it would contribute cash of RMB78,000,000 into the registered capital of Datang Gongcheng. Up to December 31, 2013, Guangdong Mingyang has contributed cash of RMB18,000,000. The remaining RMB60,000,000 would be contributed in 2014 (Note 32(b)). Upon the capital contribution, Guangdong Mingyang and Datang Guilin each holds 97.50% and 2.50% registered capital interest of Datang Gongcheng, respectively. According to the Articles of Association of Datang Gongcheng, unanimous consent is required for all significant decisions of Datang Gongcheng, therefore, it is recognized as a joint venture of Guangdong Mingyang. However, Guangdong Mingyang is not entitled to any fixed-rate annual return from its capital injections, but is entitled to share Datang Gongcheng's operating results, which is determined based on the percentage of equity interests held by Guangdong Mingyang. As of December 31, 2013, Datang Gongcheng has not commenced operations.

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15 Financial assets at fair value through profit or loss

	December 31,	
	2012	2013
	RMB'000	RMB'000
Equity securities	<u>168,139</u>	<u>—</u>

The equity securities represented the shares of a publicly traded company in Hong Kong held by the Group. The Group recognized loss of RMB20,671,000 and gain of RMB55,061,000 on the fair value change during the years ended December 31, 2012 and 2013, respectively (Note 8(a)). The Group fully disposed the equity securities in 2013.

16 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

	December 31,	
	2012	2013
	RMB'000	RMB'000
Raw materials	788,033	608,120
Work in progress	140,179	192,042
Finished goods	<u>1,100,223</u>	<u>1,435,297</u>
	<u>2,028,435</u>	<u>2,235,459</u>

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	4,322,456	2,386,826	2,477,054
Write down of inventories	3,493	35,819	22,936
Reversal of write-down of inventories	<u>(5,491)</u>	<u>(2,052)</u>	<u>(5,411)</u>
Inventories recognized as an expense (Note 8(b))	<u>4,320,458</u>	<u>2,420,593</u>	<u>2,494,579</u>

The carrying amount of inventories is stated at lower of cost or net realizable value. The reversal of write-down of inventories made in prior years relates to inventories that were sold in 2013.

The Group's finished goods include wind turbines of RMB571,750,000 and RMB867,238,000 as of December 31, 2012 and 2013, respectively, that were delivered to and accepted by the customers but installation and functionality test were not completed.

The Group's finished goods also include wind turbines of RMB149,062,000 and RMB157,105,000 as of December 31, 2012 and 2013, respectively, that were delivered to the customers' locations but not yet accepted by the customers.

[Table of Contents](#)**16 Inventories (continued)****(c) Pledge of inventories**

Inventories amounted to RMB157,687,000 and RMB84,904,000 were pledged as security for short-term bank loans of RMB206,178,000 and RMB157,062,000 as of December 31, 2012 and 2013, respectively (Note 23).

17 Trade and other receivables

	Note	December 31,	
		2012 RMB'000	2013 RMB'000
<i>Current</i>			
Trade receivables			
- Third parties		3,628,236	3,713,666
- Related parties (Note 33(a))		<u>255,577</u>	<u>131,399</u>
		3,883,813	3,845,065
Allowance for doubtful debts	(b)	<u>(212,331)</u>	<u>(377,820)</u>
		<u>3,671,482</u>	<u>3,467,245</u>
Bills receivable			
- Third parties		<u>136,055</u>	<u>212,311</u>
Other receivables			
- Third parties		247,720	216,634
- Related parties		<u>90,348</u>	<u>293,061</u>
		338,068	509,695
Allowance for doubtful debts	(f)	<u>(22,801)</u>	<u>(25,412)</u>
		<u>315,267</u>	<u>484,283</u>
Loans and receivables		<u>4,122,804</u>	<u>4,163,839</u>
Construction contracts	(g)	<u>73,818</u>	<u>—</u>
Deposits			
- Third parties		<u>27,753</u>	<u>47,116</u>
		<u>4,224,375</u>	<u>4,210,955</u>

17 Trade and other receivables (continued)

	Note	December 31,	
		2012	2013
		RMB'000	RMB'000
<i>Non-current</i>			
Trade receivables (retention receivables)			
- Third parties		826,545	782,621
Other receivables			
- Third parties		103,879	151,743
		<u>930,424</u>	<u>934,364</u>

According to the wind turbine sale agreements, the customers are required to make payments in installments, which generally include an upfront payment of approximately 10% of the sale price of the wind turbines within one month of the signing of the sale agreements; a second payment of approximately 10% to 20% of the sale price of the wind turbines within three months of the signing of the sale agreements and upon receipt by the customers of evidence of supply contracts the Group has entered into to fulfill the wind turbine sale agreements; payments of approximately 30% to 60% of the sale price of the wind turbines within one month after each scheduled delivery; and a payment of approximately 5% to 30% of the sale price of the wind turbines within up to one month after the wind turbines are installed and have passed the durability test. The final 5% to 10%, if any, of the sale price of the wind turbines is retained by the Group's customers and payable within up to one month after the end of the warranty period, which normally lasts for two to six years after the wind turbines pass the durability test.

Fees for the provision of technical and maintenance support services are either paid proportionately together with the payments for the wind turbines or on a separate schedule.

The Group records the final 5% to 10% of the sale price of the wind turbines retained by the Group's customers, if any, as "retention receivables" in the consolidated statements of financial position at the time when revenue in respect of sale of wind turbines is recognized.

Trade receivables include retention receivables of RMB925,974,000 and RMB1,064,424,000, relating to sale of wind turbines as of December 31, 2012 and 2013, respectively. The current portion of retention receivables amounted to RMB99,429,000 and RMB281,803,000, as of December 31, 2012 and 2013, respectively. The non-current portion of retention receivables have been discounted with the difference between the contractual amount and the present value of the estimated future cash flows recorded in deferred income, which amounted to RMB102,939,000 and RMB105,176,000, as of December 31, 2012 and 2013, respectively (Note 27). RMB4,291,000, RMB8,934,000 and RMB28,275,000, were amortized into interest income during the years ended December 31, 2011, 2012 and 2013, respectively. The discount rate applied to the estimated future cash flows was based on the market bank borrowing rate with similar maturity.

17 Trade and other receivables (continued)

To reduce the Group's credit risk, management requires certain customers to pay for the Group's products and services by bills receivable. Bills receivable represents short-term notes receivable issued by financial institutions that entitles the Group to receive the full face amount from the financial institutions upon maturity, which generally ranges from three to six months from the date of issuance. Historically, the Group has experienced no losses on bills receivable. As disclosed in Note 32(d), the Group retains limited recourse exposure on bills receivable that it has sold prior to their maturity.

Trade and other receivables from related parties are set out in Note 33.

(a) Ageing analysis

The ageing analysis of current portion of trade receivables (net of allowance for doubtful debts) as of the end of the reporting period is as follows:

	December 31,	
	2012 RMB'000	2013 RMB'000
Not past due	<u>2,373,847</u>	<u>2,015,963</u>
Less than 1 month past due	140,897	67,493
1 to 3 months past due	478,183	315,131
More than 3 months but less than 12 months past due	334,848	767,591
Amount past due over 12 months	<u>343,707</u>	<u>301,067</u>
Amount past due	<u>1,297,635</u>	<u>1,451,282</u>
	<u>3,671,482</u>	<u>3,467,245</u>

Trade receivables are generally due within 30 days from the date of billing.

The past-due amounts of trade receivables as of December 31, 2012 and 2013 are mainly attributable to the following factors:

- (i) A major part of the Group's customers are state-owned enterprises in the PRC and payments made by these enterprises are subject to complex internal application and approval procedures, which normally take several months from the time when payment applications are initiated until the payments are finally approved and processed.
- (ii) The Group's customers usually finance wind farm projects through loans or other sources, which may not be obtained or drawn down as originally planned. If the financing is postponed, agreed payment schedules in the relevant wind turbine sale agreements are affected.

The Group's exposure to credit risk is disclosed in Note 31(a).

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17 Trade and other receivables (continued)

(b) Impairment of trade receivables

Impairment loss in respect of trade receivables is recorded using an allowance account unless the Group determines that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts for trade receivables during the years are as follows:

	2011 RMB'000	2012 RMB'000	2013 RMB'000
At January 1	—	61,827	212,331
Provisions for allowance for doubtful debts	131,399	191,708	170,873
Utilization	<u>(69,572)</u>	<u>(41,204)</u>	<u>(5,384)</u>
At December 31	<u>61,827</u>	<u>212,331</u>	<u>377,820</u>

(c) Trade receivables that are not impaired

The trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	December 31,	
	2012 RMB'000	2013 RMB'000
Neither past due nor impaired	<u>2,373,847</u>	<u>2,015,963</u>

(d) Deferred revenue

The Group defers revenue attributable to the delivery of the wind turbines until the installation supervision services have been provided by the Group, which is the point of time when the wind turbine has been delivered and accepted by the customer, the wind turbine has been installed under the supervision of the Group, and functionality test of the wind turbine has been completed and accepted by the customer. The amounts that have been billed by the Group for wind turbines that have been delivered to the customers' location but the related installation and functionality test have not been completed are recorded in "deferred revenue" in the consolidated statements of financial position. Deferred revenue amounted to RMB581,182,000 and RMB817,596,000 as of December 31, 2012 and 2013, respectively.

17 Trade and other receivables (continued)

(e) Pledge of trade and other receivables

As of December 31, 2012 and 2013, trade and other receivables amounted to RMB352,734,000 and RMB420,455,000 were pledged as security for short-term bank loans of RMB466,858,000 and RMB307,062,000, respectively (Note 23).

(f) Impairment of other receivables

Impairment loss in respect of other receivables is recorded using an allowance account unless the Group determines that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly.

The movements in the allowance for doubtful debts for other receivables during the years are as follows:

	2011 RMB'000	2012 RMB'000	2013 RMB'000
At January 1	—	—	22,801
Provisions for allowance for doubtful debts	—	22,801	2,611
At December 31	—	22,801	25,412

As of December 31, 2012 and 2013, certain debtors were in financial difficulties. Management assessed that a portion of the receivables from these debtors are not expected to be recovered. Consequently, allowances for doubtful debts of nil, RMB22,801,000 and RMB2,611,000 were recognized during the years ended December 31, 2011, 2012 and 2013.

(g) Construction contracts

As of December 31, 2012 and 2013, the aggregate amount of costs incurred for construction contracts plus recognized profits less recognized losses is RMB73,818,000 and nil, respectively.

18 Prepayments

	<i>December 31,</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
<i>Current</i>		
Prepayments to suppliers	177,915	106,119
Other prepayments	22,055	9,198
	<u>199,970</u>	<u>115,317</u>
<i>Non-current</i>		
Prepayment in relation to acquisition of intangible assets	57,239	107,546
Prepayment in relation to acquisition of property, plant and equipment	7,259	5,239
Other prepayments	1,526	7,491
	<u>66,024</u>	<u>120,276</u>

In order to secure a stable supply of raw materials, the Group makes prepayments to certain suppliers. As of December 31, 2012 and 2013, prepayments to suppliers of RMB177,915,000 and RMB106,119,000, respectively, represented the amount of raw materials that the Group expects to take delivery within twelve months from the reporting date.

Prepayment in relation to acquisition of intangible assets mainly represents down payment for acquisition of SCD6.0MW unpatented technology. As of December 31, 2013, the Group's purchase commitment in relation to the SCD6.0 MW unpatented technology was EUR2,900,000 (RMB24,415,000). The Group has obtained the first batch of documents for this design in 2012. The Group expects to receive the license and all the documents required for manufacture of wind turbines with design capacity of 6MW using SCD technology in 2014 (Note 32(c)).

19 Other current assets

Other current assets as of December 31, 2012 and 2013 represented value-added tax recoverable of RMB7,511,000 and RMB35,301,000, respectively, which is expected to be utilized within one year.

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20 Pledged bank deposits

Pledged bank deposits represent cash pledged to banks as security for the following:

	<i>December 31,</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
Letter of credit	14,669	1,629
Letter of guarantee	128,328	99,000
Bank acceptance	109,654	101,419
Long-term bank loans	24,000	44,560
	<u>276,651</u>	<u>246,608</u>

As of December 31, 2012, pledged bank deposits of RMB24,000,000 (Note 33(a)(vi)) are secured for certain bank loan borrowed by Zhongdan Ruihao in the amount of RMB300,000,000.

As of December 31, 2013, pledged bank deposits of RMB24,000,000 and RMB20,560,000 (Note 33(a)(vi)/(vii)) are secured for certain bank loan borrowed by Zhongdan Ruihao and Daqing Dumeng in the amount of RMB300,000,000 and RMB257,000,000, respectively.

21 Cash and cash equivalents

Included in cash and cash equivalents are RMB90,324,000 and RMB166,035,000 equivalent amounts that are denominated in currencies other than the functional currencies of the Group entities as of December 31, 2012 and 2013, respectively.

Certain of the cash and cash equivalents denominated in RMB are deposited with several state-controlled banks in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

22 Trade and other payables

	<i>December 31,</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
<i>Current</i>		
Trade payables	1,292,856	1,772,426
Bills payable	1,371,843	1,124,771
Receipt in advance	<u>491,745</u>	<u>481,459</u>
	<u>3,156,444</u>	<u>3,378,656</u>
Accrued expense and other payables	405,793	420,424
Amounts due to related parties (Note 33(a))	<u>249,105</u>	<u>431,657</u>
	<u>3,811,342</u>	<u>4,230,737</u>
<i>Non-current</i>		
Trade payables	59,553	65,255
Amounts due to related parties (Note 33(a))	<u>24,000</u>	<u>67,134</u>
	<u>83,553</u>	<u>132,389</u>

Certain suppliers requested the Group to pay by means of bills payable so as to ensure they can receive payments on time. Bills payable represent short-term notes payable issued by financial institutions to the Group's suppliers. Upon maturity of the bills, the suppliers receive the face amount of the bills from the financial institutions and the Group pays the same amount plus a bank charge of approximately 0.05% to 0.45% of the face amount to the financial institutions. As of December 31, 2012 and 2013, all bills payable mature within twelve months from the reporting date.

Pursuant to the wind turbine sale arrangements entered into between the Group and its customers, the Group normally receives advance payments ranging from 10% to 30% of the contract sales prices from the customers prior to the delivery of wind turbines to the customers' location. Upon the receipt of advance payments, the Group records the amounts as receipt in advance within trade and other payables in the consolidated statements of financial position.

As of December 31, 2012 and 2013, trade and other payables that were contractually due after more than one year amounted to RMB83,553,000 and RMB132,389,000, respectively.

All the current portion of trade and other payables (excluding receipt in advance) are contractually payable within one year or are repayable on demand.

23 Bank and other borrowings

	<i>December 31,</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
Short-term bank and other loans		
- secured	466,858	307,062
- unsecured	1,216,827	791,906
Current portion of long-term bank loans		
- secured	—	71,446
- unsecured	2,000	112,641
	<u>1,685,685</u>	<u>1,283,055</u>
Long-term bank loans		
- secured	241,797	104,015
- unsecured	112,640	—
	<u>354,437</u>	<u>104,015</u>

Short-term bank and other loans outstanding as of December 31, 2012 and 2013 bear a weighted average interest rate of 6.50% and 7.56% per annum, respectively. The short-term loans are primarily obtained for general working capital, and have maturity terms ranging from six to twelve months.

Short-term bank and other loans balances also included short-term loans due to related parties. Details of short-term loans due to related parties are set out in Note 33(a).

Unsecured current portion of long-term bank loans outstanding as of December 31, 2012 and 2013 bears an interest rate of 5.76% per annum. Current portion of secured long-term bank loans outstanding as of December 31, 2013 bears floating interest rates of 5.40% to 14.50% per annum. Current portion of long-term bank loans are primarily obtained for general working capital, and mature within one year.

Long-term bank loans outstanding as of December 31, 2012 bear floating interest rates of 5.76% to 14.50%. Long-term bank loans are primarily obtained for general working capital, and mature from November 19, 2014 to January 24, 2017.

Long-term bank loans outstanding as of December 31, 2013 bear floating interest rates of 5.40% to 14.50%. Long-term bank loans are primarily obtained for general working capital, and mature from August 6, 2016 to December 7, 2017.

As of December 31, 2012, bank loans of RMB708,655,000 are secured by certain property, plant and equipment with carrying amount of RMB237,101,000 (Note 10), certain intangible assets with carrying amount of RMB71,648,000 (Note 11), pledged trade receivables of RMB352,734,000 (Note 17(e)) and inventories of RMB157,687,000 (Note 16(c)).

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23 Bank and other borrowings (continued)

As of December 31, 2013, bank loans of RMB482,523,000 are secured by certain property, plant and equipments with carrying amount of RMB196,872,000 (Note 10), certain intangible assets with carrying amount of RMB11,028,000 (Note 11), pledged trade and other receivables of RMB420,455,000 (Note 17(e)) and inventories of RMB84,904,000 (Note 16(c)).

As of December 31, 2012 and 2013, none of the Group's bank borrowings are guaranteed by related parties or third parties.

24 Bond payable

	December 31,	
	2012	2013
	RMB'000	RMB'000
Proceeds from issue of medium-term notes	1,000,000	1,000,000
Transaction costs	(19,500)	(19,500)
Net proceeds	980,500	980,500
Accreted interests	5,706	12,164
	<u>986,206</u>	<u>992,664</u>

On January 13, 2012, Guangdong Mingyang issued RMB-denominated unsecured three-year medium-term notes of RMB1 billion in the PRC. The notes bear a fixed annual coupon rate of 8.50% and mature on January 12, 2015. The issue has been registered with the PRC National Association of Financial Market Institutional Investors. The proceeds are primarily used to enhance Guangdong Mingyang's working capital.

25 Income tax in the consolidated statements of financial position

(a) Income tax payable in the consolidated statements of financial position represent:

	December 31,	
	2012	2013
	RMB'000	RMB'000
PRC income tax - balance of provision for the year	<u>9,789</u>	<u>9,155</u>

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25 Income tax in the consolidated statements of financial position (continued)

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax assets / (liabilities) recognized in the consolidated statements of financial position and the movements during the years are as follows:

	<i>Deferred revenue</i> RMB'000	<i>Deferred income</i> RMB'000	<i>Accrual on warranty liabilities</i> RMB'000	<i>Intangible assets</i> RMB'000	<i>Property, plant and equipment</i> RMB'000	<i>Lease prepayment</i> RMB'000	<i>Unrealized profit of inventories</i> RMB'000	<i>Trade and other receivable provision</i> RMB'000	<i>Others</i> RMB'000	<i>Total</i> RMB'000
As of January 1, 2011	39,691	7,332	42,940	(23,092)	(3,385)	—	13,797	—	83	77,366
Credited / (charged) to profit or loss (Note 9(a))	<u>1,100</u>	<u>23,231</u>	<u>10,714</u>	<u>23,092</u>	<u>(595)</u>	<u>—</u>	<u>(8,611)</u>	<u>9,274</u>	<u>(3,394)</u>	<u>54,811</u>
As of December 31, 2011	<u>40,791</u>	<u>30,563</u>	<u>53,654</u>	<u>—</u>	<u>(3,980)</u>	<u>—</u>	<u>5,186</u>	<u>9,274</u>	<u>(3,311)</u>	<u>132,177</u>
As of January 1, 2012	40,791	30,563	53,654	—	(3,980)	—	5,186	9,274	(3,311)	132,177
Acquisition through business combinations (Note 4(b)/(c)/(d))	—	—	—	(52,620)	(24,197)	(10,548)	—	—	—	(87,365)
(Charged) / credited to profit or loss (Note 9(a))	(4,025)	10,520	2,284	6,267	(2,071)	37	(48)	24,072	4,442	41,478
Effect of movement in exchange rates	—	—	—	495	270	—	—	—	—	765
As of December 31, 2012	<u>36,766</u>	<u>41,083</u>	<u>55,938</u>	<u>(45,858)</u>	<u>(29,978)</u>	<u>(10,511)</u>	<u>5,138</u>	<u>33,346</u>	<u>1,131</u>	<u>87,055</u>
As of January 1, 2013	36,766	41,083	55,938	(45,858)	(29,978)	(10,511)	5,138	33,346	1,131	87,055
Acquisition through business combination (Note 4(e))	—	—	—	(2,933)	(44)	—	—	—	—	(2,977)
Credited / (charged) to profit or loss (Note 9(a))	22,991	(2,965)	2,333	23,761	2,575	225	5,752	23,645	1,025	79,342
Effect of movement in exchange rates	—	—	—	5,436	3,885	—	—	—	—	9,321
As of December 31, 2013	<u>59,757</u>	<u>38,118</u>	<u>58,271</u>	<u>(19,594)</u>	<u>(23,562)</u>	<u>(10,286)</u>	<u>10,890</u>	<u>56,991</u>	<u>2,156</u>	<u>172,741</u>

[Table of Contents](#)**25 Income tax in the consolidated statements of financial position (continued)****(b) Deferred tax assets and liabilities recognized (continued):**

	<i>December 31,</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
Deferred tax assets recognized in the consolidated statements of financial position	174,024	224,843
Deferred tax liabilities recognized in the consolidated statements of financial position	(86,969)	(52,102)
	<u>87,055</u>	<u>172,741</u>

(c) Deferred tax assets not recognized:

In accordance with the accounting policy set out in Note 3(q), as of December 31, 2012 and 2013, the Group has not recognized deferred tax assets in respect of unused tax losses of RMB104,380,000 and RMB285,814,000 and other temporary differences of RMB151,039,000 and RMB137,839,000, respectively. The Group determined that it was not probable that these tax losses and other temporary differences can be utilized in the foreseeable future. As of December 31, 2013, unused tax losses of RMB28,000, RMB1,383,000, RMB1,552,000, RMB52,615,000 and RMB230,236,000 will expire in 2014, 2015, 2016, 2017 and in the years of 2018 and onwards, respectively, if unused.

(d) Deferred tax liabilities not recognized:

As of December 31, 2013, taxable temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to RMB256,559,000. No deferred tax liabilities was recognized in respect of the 10% or 5% PRC dividend withholding tax that would be payable on the distribution of the undistributed profits since the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

26 Provisions

Provisions represent wind turbine warranty.

	2011 RMB'000	2012 RMB'000	2013 RMB'000
As of January 1	211,117	353,067	390,489
Additions	180,139	87,708	87,972
Provisions utilized	(38,189)	(50,286)	(74,411)
As of December 31	<u>353,067</u>	<u>390,489</u>	<u>404,050</u>
Current portion	146,774	178,425	249,559
Non-current portion	<u>206,293</u>	<u>212,064</u>	<u>154,491</u>
As of December 31	<u>353,067</u>	<u>390,489</u>	<u>404,050</u>

The Group's wind turbines are sold with a two-to-six year warranty for defects in materials and workmanship. The warranty period formally starts after the wind turbines have passed the durability test. Other than the warranty period stated in the contracts, the Group also has the obligations for defects in materials and workmanship during the period from the time when the wind turbines are accepted by customers until the completion of the durability test. Based on historical experience, this additional warranty period did not cause the Group to incur significant costs. During the warranty period, if the annual utilization rate of a wind turbine falls below 95%, or if the actual annual output of the wind turbines falls below 95% of its designed output, the Group is subject to a penalty of up to 15% of the contract amount relating to sale of the wind turbines. Further, if the annual utilization rate of a wind turbine falls below 75%, or if the actual annual output falls below 75% of its designed output, the customer has a right to have the Group replace or fix the defective components. These obligations are treated and considered as part of the overall warranty obligations. Management estimated the amount of potential future claims during the warranty periods based on the Group's past warranty history and with reference to the warranty experience of other companies in the same business. Management has compared the terms of its warranty, the design and technology of its wind turbines with those of other companies in the same business, and believes the Group's wind turbines are within industry norms and comparable to these companies in terms of technology and durability. Management also considers the warranty provided by the Group's component suppliers, which typically provide warranties for a period ranging from 18 months up to 66 months after the components are delivered and accepted by the Group, in estimating the cost of the warranty obligation.

Actual warranty costs incurred or claimed are charged against the accrued warranty liabilities. To the extent that actual warranty costs differ significantly from estimates, the Group will revise its warranty provisions accordingly.

[Table of Contents](#)**27 Deferred income**

	Note	December 31,	
		2012 RMB'000	2013 RMB'000
<i>Current</i>			
Discount effect of retention receivables	17	<u>34,088</u>	<u>41,328</u>
<i>Non-current</i>			
Discount effect of retention receivables	17	68,851	63,848
Government grants	6	205,207	184,215
Others		<u>5,966</u>	<u>5,786</u>
		<u>280,024</u>	<u>253,849</u>

28 Share capital and reserves**(a) Share capital and capital reserves**

As described in Note 2(b), the Company was incorporated in the Cayman Islands on February 26, 2009. Upon incorporation, the Company's authorized share capital was 50,000 ordinary shares with a par value of US\$1 per share. The Company had 1,000 ordinary shares issued and fully paid upon incorporation. In February 2010, the Company approved a 1,000-for-1 share split and the increase in the number of authorized ordinary shares from 50,000,000 ordinary shares (post split) to 1,000,000,000 with a par value of US\$0.001 per share. Upon the completion of the Share Exchange in May 2010, the Company had 100,000,000 issued and fully-paid ordinary shares. All shares and per share amounts for all periods presented have been adjusted to reflect the share split.

28 Share capital and reserves (continued)

(a) Share capital and capital reserves (continued)

In October 2010, in connection with its initial public offering in the U.S. market, the Company issued 25,000,000 ordinary shares with par value of US\$0.001 each, at a price of US\$14.00 per share to investors. Net proceeds from such issue amounted to RMB2,163,460,000 (after offsetting issuance costs of RMB181,926,000), of which RMB168,000 and RMB2,163,292,000 were recorded in share capital and capital reserves, respectively.

As of December 31, 2011 and 2012, the Company had 125,000,000 ordinary shares issued and outstanding at par value of US\$0.001 per share.

In December 2013, 74,100 ordinary share were issued as a result of the exercise of vested options arising from the 2010 share option program granted to certain directors, officers and other employees (2012: nil) (Note 28(d)). Options were exercised at a price of US\$1.29 per option.

(b) Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

(c) Reserves for own shares

When the Company repurchases its own ordinary shares, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserves for own shares.

The reserves for the Company's own shares comprises the cost of the Company's shares held by the Group. As of December 31, 2012, the Group held 3,153,897 ordinary shares equivalent to 3,153,897 American Depository Shares ("ADSs"), with an average cost of repurchase per share of US\$2.76. In January 2013, the Group issued 600,000 own shares, equivalent to 600,000 ADSs to a then senior management staff as an award for his past services to the Group. The reserves for own shares was reduced by RMB10,485,000, as a result of issuance of the 600,000 shares. The amount was determined based on the average cost of repurchase per share of the treasury shares. As of December 31, 2013, the Group held 2,553,897 ordinary shares equivalent to 2,553,897 ADSs.

28 Share capital and reserves (continued)

(d) Share-based payment arrangements

(i) Share options program

Equity-settled share options program in 2010

On August 31, 2010, the 2010 equity incentive plan (“the 2010 plan”) was approved by the shareholders of the Company. On September 30, 2010, the Company granted a total of 4,600,000 share options to certain directors, officers and other employees. The share options have a contractual term of five years. The exercise price of these share options is US\$8.40 per share and the grant date fair value of these share options amounted to US\$40,949,000 (RMB274,403,000). The fair value was based on a valuation conducted by an independent valuation firm.

On August 27, 2013, the Group’s Compensation Committee approved an amendment to the 2010 plan. Under the amendment, the Company reduced the exercise price from US\$8.40 per share to US\$1.29 per share, while all other terms of the 2010 plan remain in full force and effect. In addition, the Company further granted 1,840,000 share options to certain directors, officers and other employees. The share options have a contractual term of two years.

The above amendments were effective from September 1, 2013. As at September 1, 2013, the incremental compensation cost by comparing the fair value of the modified award to the fair value of the original award immediately before the exercise price was modified amounted to US\$1,825,000 (RMB11,219,000). The grant date fair value of the 1,840,000 share options amounted to US\$1,301,000 (RMB7,998,000). The fair value was based on a valuation conducted by an independent valuation firm.

RMB112,509,000, RMB42,939,000 and RMB27,781,000 were recognized as staff costs in respect of the share options (Note 7) with a corresponding credit to capital reserves during the years ended December 31, 2011, 2012 and 2013, respectively.

28 Share capital and reserves (continued)

(d) Share-based payment arrangements (continued)

(i) Share options program (continued)

The grant-date fair value of these share options is estimated by using a binomial option valuation model. The inputs used in the measurement of the fair values at grant date of the share options were as follows:

	<i>Share options granted on September 30, 2010</i>	<i>Share options modified on September 1, 2013</i>	<i>Share options granted on September 1, 2013</i>
Fair value of share options and assumptions			
Weighted average options fair value at grant date	US\$ 8.90	N/A	US\$ 0.71
Share price at grant / modification date	US\$ 14.00	US\$ 1.62	US\$ 1.62
Exercise price	US\$ 8.40	US\$ 1.29	US\$ 1.29
Expected volatility (average historical volatility of the comparable companies)	69.83%	76.32%	76.32%
Expected dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	1.26%	0.42%	0.42%
Estimated forfeiture rate	0.00%	0.00%	0.00%
Sub-optimal exercise factor	2	2	2

The share options granted in 2010 by the Company have a vesting term of four years, that is 25% of the share options granted shall vest and become exercisable on each of the first, second, third and fourth anniversaries of the grant date.

The share options granted in 2013 by the Company have the following vesting term: 75% of the share options granted vest and become exercisable on September 30, 2013 with the remaining 25% vesting on September 30, 2014.

The number of share options under the share options program is as follows:

	<i>2011 in thousands</i>	<i>2012 in thousands</i>	<i>2013 in thousands</i>
Outstanding at January 1	4,600	4,430	4,050
Forfeited during the year	(170)	(380)	(1,010)
Exercised during the year	—	—	(74)
Granted during the year	—	—	1,840
Outstanding at December 31	<u>4,430</u>	<u>4,050</u>	<u>4,806</u>
Exercisable at December 31	<u>1,108</u>	<u>2,025</u>	<u>3,586</u>

[Table of Contents](#)**28 Share capital and reserves (continued)****(d) Share-based payment arrangements (continued)****(ii) Issuance of own shares as compensation to senior management**

In January 2013, the Group issued 600,000 own shares, equivalent to 600,000 ADSs, to a then senior management staff as an award for his past service to the Group (Note 28(c)). The Group recognized share-based compensation expenses of RMB5,464,000 (Note 7) based on the market price of ordinary shares on the date of award of US\$1.45 per share multiplied by the number of own shares issued. The difference of RMB5,021,000 between the reduction in reserve for own shares of RMB10,485,000 (Note 28(c)) and the share-based compensation expenses recognized are accounted for as an adjustment to capital reserves in the absence of the Group's retained profits.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-equity ratio. For this purpose, debt is defined as short-term bank and other loans, long-term bank loans, bills payable and bond payable.

The Group's strategy is to maintain an optimal capital structure to reduce cost of capital. In order to maintain it, the Group may invite funds from potential investors, raise new debt financing or sell assets to reduce debt.

The debt-to-equity ratio as of December 31, 2012 and 2013 are as follows:

	<i>Note</i>	<i>2012</i> RMB'000	<i>2013</i> RMB'000
Bills payable	22	1,371,843	1,124,771
Short-term bank and other loans	23	1,685,685	1,283,055
Long-term bank loans	23	354,437	104,015
Bond payable	24	<u>986,206</u>	<u>992,664</u>
Debts		4,398,171	3,504,505
Total equity		3,637,550	3,015,320
Debt-to-equity ratio		120.9%	116.2%

[Table of Contents](#)**28 Share capital and reserves (continued)****(e) Capital management (continued)**

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements. There were no changes in the Group's approach to capital management during the years ended December 31, 2012 and 2013.

29 Non-controlling interests

The following table summarizes the information relating to the Group's significant subsidiary, GWPL, for which there is a significant non-controlling interests ("NCI"), before any intra-group eliminations:

December 31, 2013

	<i>GWPL</i> RMB'000	<i>Other individually immaterial subsidiaries</i> RMB'000	<i>Intra-group eliminations</i> RMB'000	<i>Total</i> RMB'000
NCI percentage	50%			
Non-current assets	277,463			
Current assets	250,907			
Non-current liabilities	(140,041)			
Current liabilities	(644,835)			
Net liabilities	<u>(256,506)</u>			
Carrying amount of NCI	<u>(128,253)</u>	<u>102,219</u>	<u>(2,029)</u>	<u>(28,063)</u>
Revenue	68,879			
Loss for the year	(266,967)			
Other comprehensive income	<u>8,822</u>			
Total comprehensive loss	<u>(258,145)</u>			
Loss allocated to NCI	(133,484)	(9,830)	60	(143,254)
Other comprehensive income allocated to NCI	<u>4,411</u>	<u>(7)</u>	<u>—</u>	<u>4,404</u>
	<u>(129,073)</u>	<u>(9,837)</u>	<u>60</u>	<u>(138,850)</u>
Cash flows from operating activities	28,353			
Cash flows from investment activities	11,590			
Cash flows from financing activities (dividends to NCI: nil)	<u>(73,420)</u>			
Net decrease in cash and cash equivalents	<u>(33,477)</u>			

[Table of Contents](#)**29 Non-controlling interests (continued)***December 31, 2012*

	<i>GWPL</i> RMB'000	<i>Other individually immaterial subsidiaries</i> RMB'000	<i>Intra-group eliminations</i> RMB'000	<i>Total</i> RMB'000
NCI percentage	50%			
Non-current assets	476,501			
Current assets	415,664			
Non-current liabilities	(313,789)			
Current liabilities	<u>(576,738)</u>			
Net assets	<u>1,638</u>			
Carrying amount of NCI	<u>819</u>	<u>110,784</u>	<u>(816)</u>	<u>110,787</u>
Revenue	13,405			
Loss for the year	(23,564)			
Other comprehensive loss	<u>(264)</u>			
Total comprehensive loss	<u>(23,828)</u>			
Loss allocated to NCI	(11,782)	(7,230)	46	(18,966)
Other comprehensive loss allocated to NCI	<u>(132)</u>	<u>—</u>	<u>—</u>	<u>(132)</u>
	<u>(11,914)</u>	<u>(7,230)</u>	<u>46</u>	<u>(19,098)</u>
Cash flows from operating activities	15,491			
Cash flows from investment activities	(1,695)			
Cash flows from financing activities (dividends to NCI: nil)	<u>(16,152)</u>			
Net decrease in cash and cash equivalents	<u>(2,356)</u>			

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30 Earnings / (loss) per share

(a) Basic and diluted earnings / (loss) per share

	2011 RMB'000	2012 RMB'000	2013 RMB'000
Profit / (loss) attributable to shareholders of the Company	292,993	(281,874)	(504,179)
Weighted average number of ordinary shares	124,450,310	121,869,607	122,408,098
Basic earnings / (loss) per share (RMB per share)	2.35	(2.31)	(4.12)

The amounts of diluted earnings / (loss) per share are the same as basic earnings / (loss) per share as there were no potential dilutive ordinary shares for both the current and prior years. In the calculation of diluted earnings / (loss) per share, the Group excluded 4,430,000, 4,050,000 and 4,086,000 potential ordinary shares issuable upon exercise of employee share options for the years ended December 31, 2011, 2012 and 2013, respectively, as their effect would be anti-dilutive.

(b) Weighted average number of ordinary shares

	2011	2012	2013
Issued ordinary shares as of January 1	125,000,000	125,000,000	125,000,000
Effect of share options exercised	—	—	3,090
Effect of own shares held	(549,690)	(3,130,393)	(2,594,992)
Weighted average number of ordinary shares as of December 31	124,450,310	121,869,607	122,408,098

31 Financial risk management and fair values

The Group has exposure to credit risk, liquidity risk and market risk which arise from the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, pledged bank deposits and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of trade and other receivables, pledged bank deposits and cash and cash equivalents represent the Group's maximum exposure to credit risks.

As of December 31, 2012, a significant portion of cash and cash equivalents and pledged bank deposits balance of RMB951,281,000 were deposited in the bank accounts of China Construction Bank, and Industrial and Commercial Bank of China.

As of December 31, 2013, a significant portion of cash and cash equivalents and pledged bank deposits balance of RMB664,500,000 were deposited in the bank accounts of China Construction Bank, Industrial and Commercial Bank of China, and Agricultural Bank of China.

31 Financial risk management and fair values (continued)

(a) Credit risk (continued)

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group's exposure to credit risk of trade receivables is influenced mainly by the individual characteristics of each customer and therefore credit risk primarily arises when the Group has significant exposure to individual customers. The Group's exposure to credit risk is mainly concentrated in a number of state-owned enterprise customers which operate in the wind power generating industry in the PRC. As of December 31, 2012, 21.56% and 71.13% of the total trade receivables were due from the Group's largest and the five largest customers, respectively. As of December 31, 2013, 24.31% and 47.03% of the total trade receivables were due from the Group's largest and the five largest customers, respectively.

Trade receivables are due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

As of December 31, 2012 and 2013, other than the guarantee deposits made to joint ventures as detailed in Note 33(a), the Group did not provide any guarantees to entities outside the Group which would expose the Group to credit risk. To mitigate the Group's risk exposure, the Group received the same amounts from the related joint ventures.

Other disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 17.

(b) Liquidity risk

The Board of Directors of the Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and readily liquid marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

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31 Financial risk management and fair values (continued)

(b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group required to pay:

	<i>As of December 31, 2012</i>				<i>Balance sheet carrying amount</i> RMB'000
	<i>Contractual undiscounted cash outflow</i>				
	<i>Within 6 months or less</i> RMB'000	<i>6-12 months</i> RMB'000	<i>1-2 years or above</i> RMB'000	<i>Total</i> RMB'000	
Non-derivative financial liabilities					
Short-term bank and other borrowings	864,753	843,367	—	1,708,120	1,685,685
Long-term bank borrowings	19,634	19,605	425,876	465,115	354,437
Bond payable	—	—	1,170,000	1,170,000	986,206
Trade and other payables (exclude receipt in advance)	3,235,733	82,258	83,553	3,401,544	3,401,544
	<u>4,120,120</u>	<u>945,230</u>	<u>1,679,429</u>	<u>6,744,779</u>	<u>6,427,872</u>

	<i>As of December 31, 2013</i>				<i>Balance sheet carrying amount</i> RMB'000
	<i>Contractual undiscounted cash outflow</i>				
	<i>Within 6 months or less</i> RMB'000	<i>6-12 months</i> RMB'000	<i>1-2 years or above</i> RMB'000	<i>Total</i> RMB'000	
Non-derivative financial liabilities					
Short-term bank and other borrowings	924,638	413,896	—	1,338,534	1,283,055
Long-term bank borrowings	9,135	6,903	118,679	134,717	104,015
Bond payable	—	—	1,085,000	1,085,000	992,664
Trade and other payables (exclude receipt in advance)	3,452,620	218,830	132,389	3,803,839	3,803,839
	<u>4,386,393</u>	<u>639,629</u>	<u>1,336,068</u>	<u>6,362,090</u>	<u>6,183,573</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's operating results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group seeks to manage and control the market risks to minimize potential adverse effects on the Group's financial performance, and use derivative instruments when deemed appropriate. All such transactions are carried out within the guidelines set by the Board of Directors.

31 Financial risk management and fair values (continued)**(c) Market risk (continued)****(i) Currency risk**

The Group is exposed to currency risk primarily through purchases which give rise to payables that are denominated in a foreign currency. That is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros (“EUR”) and USD.

Most of the sales and purchases transactions are denominated in functional currency of the entity to which they relate. In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

In addition, the functional currency of the Company is USD. As of December 31, 2013, the Company has cash and cash equivalents of RMB105,746,000 denominated in RMB.

Currently, all foreign exchange transactions in the PRC take place either through the People’s Bank of China or other institutions authorized to buy and sell foreign currencies. Approval of foreign currency payments by the People’s Bank of China or other authorized institutions requires submission of a payment application form together with relevant supporting documents.

Exposure to currency risk

The following table details the Group’s exposure at the reporting dates to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group’s presentation currency are excluded.

	<i>Exposure to foreign currencies (expressed in RMB '000)</i>				
	<i>As of December 31, 2012</i>				
	USD	EUR	HKD	JPY	RMB
Cash and cash equivalents	16	7,699	—	—	82,614
Pledged bank deposits	—	25,517	—	—	—
Trade and other payables	(33,360)	(21,207)	—	(4,724)	—
Trade and other receivables	—	24,811	—	—	—
Short-term bank and other borrowings	(1,649)	(17,333)	—	—	—
Long-term bank borrowings	(54,208)	—	—	—	—
Net exposure	<u>(89,201)</u>	<u>19,487</u>	<u>—</u>	<u>(4,724)</u>	<u>82,614</u>

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31 Financial risk management and fair values (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	<i>Exposure to foreign currencies (expressed in RMB'000)</i>				
	<i>As of December 31, 2013</i>				
	USD	EUR	HKD	JPY	RMB
Cash and cash equivalents	378	26,111	33,487	—	106,059
Pledged bank deposit	—	—	—	—	—
Trade and other payables	(29,349)	(16,438)	—	(347)	—
Trade and other receivables	—	42,769	—	—	—
Short-term bank and other borrowings	(10,776)	—	—	—	—
Long-term bank borrowings	(33,522)	—	—	—	—
Net exposure	<u>(73,269)</u>	<u>52,442</u>	<u>33,487</u>	<u>(347)</u>	<u>106,059</u>

Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit / (loss) after tax (and retained earnings or accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the reporting date had changed at that date, assuming all other risk variables remained constant.

	2012			2013		
	<i>Appreciation in RMB</i>	<i>Decrease / (increase) in loss after tax RMB'000</i>	<i>Decrease / (increase) in accumulated losses RMB'000</i>	<i>Appreciation in RMB</i>	<i>Decrease / (increase) in loss after tax RMB'000</i>	<i>Decrease / (increase) in accumulated losses RMB'000</i>
USD	3%	4,460	4,460	3%	4,963	4,963
EUR	1.5%	(382)	(382)	1.5%	(654)	(654)
HKD	3%	—	—	3%	(839)	(839)
JPY	3%	120	120	3%	9	9

The weakening of the RMB against the above currencies by the same percentages would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group companies' profit / (loss) after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the reporting date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the reporting date. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

31 Financial risk management and fair values (continued)**(c) Market risk (continued)****(ii) Interest rate risk**

Interest rate risk arises primarily from short-term bank and other loans, long-term bank loans, medium-term notes, pledged bank deposits, and cash and cash equivalents. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates of borrowings as at reporting dates were at a fixed rate.

Profile

At the reporting dates the interest rate profile of the Group's interest-bearing financial instruments was:

	<i>Carrying amount</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
Fixed rate instruments		
Short-term bank and other loans	(1,685,685)	(1,283,055)
Long-term bank loans	(354,437)	(104,015)
Bond payable	(986,206)	(992,664)
	<u>(3,026,328)</u>	<u>(2,379,734)</u>
Variable rate instruments		
Cash and cash equivalents	1,319,694	811,848
Pledged bank deposits	276,651	246,608
	<u>1,596,345</u>	<u>1,058,456</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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31 Financial risk management and fair values (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	2012 RMB'000	2013 RMB'000
100 basis point increase	<u>13,406</u>	<u>9,064</u>

A 100 basis point decrease would have had the equal but opposite effect on the above financial instruments to the amounts shown above, on the basis that all other variables remain constant.

(d) Fair values

Financial instruments at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	As of December 31, 2012			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Equity securities	<u>168,139</u>	<u>—</u>	<u>—</u>	<u>168,139</u>

As at December 31, 2013, the Group did not have any financial instruments measured at fair value.

During the years ended December 31, 2012 and 2013, there were no significant transfers between instruments in Level 1 and Level 2.

[Table of Contents](#)**32 Commitments, contingencies and guarantees****(a) Operating lease commitments**

At the reporting date, the Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	<i>December 31,</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
Within 1 year	1,748	6,196
After 1 year but within 5 years	1,817	1,309
	<u>3,565</u>	<u>7,505</u>

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(b) Capital commitments

As of December 31, 2013, the Group has contractual capital commitments of RMB24,676,000 to third party contractors for purchases of property, plant and equipment.

As of December 31, 2013, the Group has contractual capital commitments of RMB60,000,000 for other investments, which is expected to be contributed in 2014.

As of December 31, 2013, the Group has contractual capital commitments of RMB60,000,000 and RMB29,600,000 to Datang Gongcheng (Note 14) and Huaneng Mingyang (Note 13(ii)), respectively, of which, RMB60,000,000 is expected to be contributed before July 2014, and RMB29,600,000 is expected to be contributed before November 2014.

(c) Purchase commitments

The Group has entered into several purchase agreements with certain suppliers for the purchase of raw materials used in the manufacture of wind turbines. As of December 31, 2013, the Group has future minimum purchase commitments of RMB2,275,077,000, which included commitments to the following related parties:

- RMB156,437,000 to Tianjin REnergy Electric Co., Ltd. ("REnergy");
- RMB44,786,000 to Ming Yang Longyuan Electric Co., Ltd. ("Mingyang Longyuan");
- RMB6,813,000 to Zhuhai Secopower Special Type Transformer Co., Ltd. ("Zhuhai Secopower");
- RMB17,538,000 to Mingyang Electrical; and
- RMB797,000 to Inner Mongolia Equipment.

The Group expects the raw materials under the purchase agreements to be delivered within 12 months from the reporting date.

32 Commitments, contingencies and guarantees (continued)

(c) Purchase commitments (continued)

Under a license agreement entered into between the Group and a third party in 2008, the purchase price of the exclusive license rights of SCD technology for the manufacture of wind turbines with design capacity of 6MW was EUR12,000,000, of which the Group has made down payment of EUR9,100,000 (RMB80,599,000) as of December 31, 2013. As of December 31, 2013, the Group's purchase commitment under the license agreement was EUR2,900,000 (RMB24,415,000). The Group has obtained the first batch of documents for this design in 2012. The Group expects to receive the license and all the documents required for manufacture of wind turbines with design capacity of 6MW using SCD technology in 2014.

Pursuant to the license agreement, a clearance will be issued by the third party after the Group enters into the series production stage of the SCD wind turbines with design capacity of 2.5MW or 3MW (the "clearance"), upon which the Group is obligated to pay an advance minimum annual royalty payment of EUR750,000 (RMB7,348,000) and EUR3,000,000 (RMB29,391,000) during the first and second years of production, respectively. The advance minimum annual royalty payment will be EUR8,000,000 (RMB78,377,000) in the third year and onwards. The requirement of advance minimum annual royalty payment for SCD wind turbines with design capacity of 6MW is the same as the SCD wind turbines with design capacity of 2.5MW or 3MW. As of December 31, 2013, the conditions for issuance of the clearance have not been met and the clearance has not been issued by the third party and therefore the Group was not obligated to make any advance minimum annual royalty payment to the third party.

(d) Bills receivable

In the ordinary course of business, the Group has sold its bills receivable to banks and transferred its bills receivable to its suppliers or vendors as payment or settlement of its liabilities to these parties. According to the relevant laws and regulations in the PRC, bills receivable that have been sold or transferred are subject to limited recourse provision in the event the issuing bank that issued the bills defaults on payment when the bills mature. At the time of the sale and transfer, the Group has determined all the risks and rewards of ownership of the bills receivable have been transferred, and accordingly, the bills receivable are derecognized. The estimated fair value of the limited recourse obligations was determined to be immaterial. The Group did not experience any losses under these limited recourse provisions for the years ended December 31, 2011, 2012 and 2013. The Group recorded the discount from the bills receivable sold to banks of nil, RMB5,273,000 and RMB22,034,000, in interest expense in the consolidated statements of operations for the years ended December 31, 2011, 2012 and 2013, respectively. Interest expense on bills receivable discounted to banks is recognized in the period in which the discounting occurs.

32 Commitments, contingencies and guarantees (continued)

(d) Bills receivable (continued)

As of December 31, 2012 and 2013, bills receivable which have been sold or transferred by the Group but not yet matured and therefore subject to limited recourse are summarized as follows:

	<i>December 31,</i>	
	<i>2012</i>	<i>2013</i>
	RMB'000	RMB'000
Bills receivable	<u>85,200</u>	<u>208,604</u>

(e) Guarantees

As of December 31, 2011, the Group provided guarantees for credit facilities and bank loans of Mingyang Electrical, Mingyang Longyuan and Tianjin Technology. During the year ended December 31, 2012, the Group obtained control of Tianjin Technology and held 100% equity interests in Tianjin Technology as of December 31, 2012. At the inception of the guarantees, the Group recognized interest expense with a corresponding credit to a liability for these guarantees of RMB7,032,000 in its consolidated statements of financial position. RMB2,078,000 and RMB2,875,000 of the initial recognized guarantee liability was amortized in profit or loss for the years ended December 31, 2011 and 2012, respectively. As of December 31, 2013, the maximum potential amount of future payments that the Group is required to make under these guarantees is RMB66,386,000 which expires on November 19, 2016. Management believes it was not probable the Group will be liable for any future payments under these guarantees. No guarantee fees were received by the Group for providing the guarantees to the banks.

As of December 31, 2012 and 2013, other than the guarantee deposits made to joint ventures as detailed in Note 33(a), the Group did not provide any guarantees to entities outside the Group which would expose the Group to credit risk. To mitigate the Group's risk exposure, the Group received the same amounts from the related joint ventures.

33 Material related party transactions

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions:

During the reporting periods, the directors are of the view that the following are related parties of the Group:

<i>Name of related parties</i>	<i>Note</i>	<i>Relationship with the Group</i>
Mingyang Electrical	(a)(i)	Owned by close family member of the Chairman
Zhongshan Investment		Owned by the Chairman
Mingyang Longyuan	(a)(ii)	Owned by Mingyang Electrical
REnergy	(a)(iii)	Owned by the Chairman
Tianjin Technology	4(c)	The then associate until October 31, 2012
Inner Mongolia Equipment	(a)(iv)	Associate
Zhuhai Secopower	(a)(v)	Owned by Mingyang Longyuan
Zhongdan Ruihao	(a)(vi)	Joint venture
Daqing Dumeng	(a)(vii)	Joint venture
Daqing Dairy Farm		Joint venture
Huzhen Dairy Farm		Joint venture
Huitengxile Generator	14	The then joint venture until July 17, 2013
Huifeng New Energy	(a)(xi)	The then joint venture until January 24, 2013
Xinjiang Wanbang	(a)(viii)	Joint venture
Inner Mongolia Wind Power	(a)(ix)	Joint venture
Guangdong Redsolar	(a)(x)	Owned by the Chairman
Mr. Zhang Chuanwei	(b)	Chairman of the Board of Directors and the Chief Executive Officer
Reliance Capital Limited ("Reliance Capital")		Non-controlling interest holder of GWPL
Payone Enterprises Private Limited ("Payone Enterprises")		Affiliated entity of Reliance Capital

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33 Material related party transactions (continued)

(a) *The significant related party transactions are summarized as follows:*

	Note	Year ended December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
Revenue from sale of wind turbines				
- Zhongdan Ruihao		—	160,678	—
- Daqing Dumeng		—	160,690	—
- Huitengxile Generator		—	148,803	—
- Huifeng New Energy		—	151,573	—
- Xinjiang Wanbang		—	—	159,399
		—	621,744	159,399
Revenue from sale of raw materials				
- Mingyang Longyuan		3,097	—	—
- Inner Mongolia Equipment		—	—	1,130
- Guangdong Redsolar		—	63,649	33,509
		3,097	63,649	34,639
Transfer of trade receivables				
- Mingyang Electrical		107,174	—	—
Purchase of raw materials				
- Mingyang Electrical		11,270	45,569	48,257
- Mingyang Longyuan		114,376	37,232	13,717
- REnergy		601,896	404,718	451,627
- Inner Mongolia Equipment		129	—	7,601
- Zhuhai Secopower		11,434	11,415	10,644
		739,105	498,934	531,846
Purchase of finished goods				
- Inner Mongolia Equipment	(iv)	214,011	—	—
Payment of processing fee for wind turbines				
- Inner Mongolia Equipment	(iv)	—	2,040	24,153
Rental Income				
- Mingyang Longyuan		944	734	1,632
- Guangdong Redsolar		—	440	1,170
		944	1,174	2,802

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33 Material related party transactions (continued)

(a) *The significant related party transactions are summarized as follows (continued):*

	Note	Year ended December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
Rental expense				
- Mingyang Electrical		2,866	—	—
- Mingyang Energy Investment		381	—	—
- Tianjin Technology		25,789	21,491	—
		<u>29,036</u>	<u>21,491</u>	<u>—</u>
Income on authorization of wind turbine technologies				
- Inner Mongolia Equipment	(iv)	5,000	—	—
Advances made to related parties*				
- Mingyang Electrical		717	806	—
- Mingyang Energy Investment		20,135	20,687	—
- Mingyang Longyuan		570	775	1,033
- Inner Mongolia Equipment		55	77,761	21,321
- Zhongdan Ruihao		—	4,360	—
- Daqing Dumeng		—	—	2,000
- Huifeng New Energy		—	4,000	—
- Xinjiang Wanbang		—	18	10,189
- Inner Mongolia Wind Power		—	—	30
- Guangdong Redsolar		—	—	4,256
		<u>21,477</u>	<u>108,407</u>	<u>38,829</u>
Collection of advances made to related parties				
- Mingyang Electrical		69	649	806
- Mingyang Energy Investment		20,135	20,687	—
- Mingyang Longyuan		336	9	2,163
- Inner Mongolia Equipment		—	—	49,292
- Huifeng New Energy		—	—	4,000
- Xinjiang Wanbang		—	—	10,000
- Inner Mongolia Wind Power		—	—	24
- Guangdong Redsolar		—	—	3,312
		<u>20,540</u>	<u>21,345</u>	<u>69,597</u>

* All advances to related parties are interest-free and have no fixed term of repayment.

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33 Material related party transactions (continued)

(a) *The significant related party transactions are summarized as follows (continued):*

	Note	Year ended December 31,		
		2011 RMB'000	2012 RMB'000	2013 RMB'000
Payment for consideration of asset acquisition				
- Mingyang Electrical		57,863	—	—
Trademark licence fees				
- Mingyang Electrical	(i)	10	10	10
Loan to related parties				
- Inner Mongolia Equipment		5,000	—	—
- Zhongdan Ruihao	(vi)	—	730	100,000
- Inner Mongolia Wind Power	(ix)	—	—	185,000
		5,000	730	285,000
Interest income				
- Zhongdan Ruihao	(vi)	—	42	620
- Inner Mongolia Wind Power	(ix)	—	—	4,805
		—	42	5,425
Collection of loan to related parties				
- Inner Mongolia Equipment		5,000	—	—
- Zhongdan Ruihao	(vi)	—	—	50,730
		5,000	—	50,730
Receipt of guarantee deposits				
- Zhongdan Ruihao	(vi)	—	24,000	—
- Daqing Dumeng	(vii)	—	—	20,560
		—	24,000	20,560
Prepayment on behalf of the Group				
- Mingyang Energy Investment		—	767	658
- Mingyang Longyuan		—	—	223
- Inner Mongolia Equipment		—	—	—
		—	767	881
Loans from related parties				
- Reliance Capital		N/A	62,460	27,590
- Payone Enterprises		N/A	77,223	41,876
			139,683	69,466
Repayment of loans to related parties				
- Reliance Capital		N/A	12,758	4,923
Interest expenses				
- Reliance Capital		N/A	—	23,241
- Payone Enterprises		N/A	—	10,368
			—	33,609

Note: GWPL became a subsidiary of the Group in November 2012, therefore, the transactions incurred between GWPL and its related parties before the acquisition were not included in the Group's consolidated financial statements.

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33 Material related party transactions (continued)

(a) The significant related party transactions are summarized as follows (continued):

The amounts due from and due to related parties are summarized as follows:

	Note	December 31,	
		2012 RMB'000	2013 RMB'000
Trade receivables from related parties			
Inner Mongolia Equipment		—	1,321
Zhongdan Ruihao		8,470	8,470
Daqing Dumeng		189,927	28,030
Daqing Dairy Farm		18,492	46,183
Huzhen Dairy Farm		—	22,183
Huitengxile Generator		14,889	—
Huifeng New Energy		23,799	—
Xinjiang Wanbang		—	17,538
Guangdong Redsolar		—	7,674
Total trade receivables from related parties		255,577	131,399

Note: The above trade receivables are derived from the Group's sale of wind turbines and raw materials to the respective entities.

Amounts due from related parties			
Mingyang Electrical	(i)	806	—
Mingyang Longyuan	(ii)	2,503	41
Inner Mongolia Equipment	(iv)	77,816	49,845
Zhuhai Secopower	(v)	69	—
Zhongdan Ruihao	(vi)	5,132	54,426
Daqing Dumeng	(vii)	—	2,000
Huifeng New Energy	(xi)	4,000	—
Xinjiang Wanbang	(viii)	18	207
Inner Mongolia Wind Power	(ix)	—	185,443
Guangdong Redsolar	(x)	73	1,099
Total amounts due from related parties		90,417	293,061
Amounts due to related parties			
Mingyang Electrical	(i)	35,758	57,114
Mingyang Longyuan	(ii)	29,106	26,316
REnergy	(iii)	105,081	221,944
Inner Mongolia Equipment	(iv)	35,192	59,398
Zhuhai Secopower	(v)	9,467	11,621
Zhongdan Ruihao	(vi)	24,000	24,000
Daqing Dumeng	(vii)	—	20,560
Xinjiang Wanbang	(viii)	18,960	—
Inner Mongolia Wind Power	(ix)	10,010	77,838
Guangdong Redsolar	(x)	5,531	—
Total amounts due to related parties		273,105	498,791
Short-term loans due to related parties			
Reliance Capital		176,893	176,040
Payone Enterprises		79,154	110,506
Total short-term loans due to related parties		256,047	286,546

33 Material related party transactions (continued)

(a) The significant related party transactions are summarized as follows (continued):

- (i) The Group entered into two exclusive trademark license agreements with Mingyang Electrical in 2010, to use two of Mingyang Electrical's brand names and logos for a term of ten years with an annual license fee of RMB10,000.
- As of December 31, 2012, the amount due from Mingyang Electrical represented the unpaid balance of interest-free advances of RMB806,000, and the amount due to Mingyang Electrical of RMB35,758,000 represented payable for purchase of raw materials of RMB35,728,000 and payable for trademark license fees of RMB30,000.
- As of December 31, 2013, the amount due to Mingyang Electrical of RMB57,114,000 represented payable for purchase of raw materials of RMB57,074,000 and payable for trademark license fees of RMB40,000.
- (ii) As of December 31, 2012, the amount due from Mingyang Longyuan of RMB2,503,000 represented receivable for rental of RMB1,332,000 and the unsettled balance of interest-free advances of RMB1,171,000, and the amount due to Mingyang Longyuan of RMB29,106,000 represented payable for purchase of raw materials.
- As of December 31, 2013, the amount due from Mingyang Longyuan of RMB41,000 represented receivable for miscellaneous expense paid by the Group on behalf of Mingyang Longyuan, and the amount due to Mingyang Longyuan of RMB26,316,000 represented payable for purchase of raw materials.
- (iii) As of December 31, 2012 and 2013, the amount due to REnergy of RMB105,081,000 and RMB221,944,000, respectively, represented payable for purchase of raw materials.
- (iv) During the year ended December 31, 2011, Inner Mongolia Equipment entered into two wind turbine sale agreements with third-party customers. Later in 2011, the Group entered into a three-party agreement with Inner Mongolia Equipment and the third-party customers, pursuant to which the Group purchased wind turbines of RMB214,011,000 from Inner Mongolia Equipment, delivered the wind turbines to the third-party customers and provide maintenance services for the wind turbines during the warranty period.
- During the years ended December 31, 2012 and 2013, the Group engaged Inner Mongolia Equipment to process wind turbines for a wind farm project, and was charged a processing fee of RMB2,040,000 and RMB24,153,000, respectively.
- During the year ended December 31, 2011, the Group granted the license of certain unpatented technology to Inner Mongolia Equipment and recognized other income of RMB5,000,000.

33 Material related party transactions (continued)

(a) The significant related party transactions are summarized as follows (continued):

(iv) (continued)

As of December 31, 2012 and 2013, the amount due from Inner Mongolia Equipment of RMB77,816,000 and RMB49,845,000, respectively, represented the unpaid balance of the interest-free advances provided by the Group.

As of December 31, 2012, the amount due to Inner Mongolia Equipment of RMB35,192,000 represented unsettled payable for purchase of wind turbines of RMB32,234,000 in 2011, unsettled payable for purchase of raw materials of RMB151,000 in 2011, wind turbines processing fee of RMB2,040,000, and payable of RMB767,000 that Inner Mongolia Equipment paid on behalf of the Group.

As of December 31, 2013, the amount due to Inner Mongolia Equipment of RMB59,398,000 represented unsettled payable of RMB58,631,000 for purchase of wind turbines, raw materials and wind turbines processing fee, and payable of RMB767,000 that Inner Mongolia Equipment paid on behalf of the Group.

(v) As of December 31, 2012, the amount due from Zhuhai Secopower of RMB69,000 represented prepayment for purchase of raw materials. As of December 31, 2012 and 2013, the amount due to Zhuhai Secopower of RMB9,467,000 and RMB11,621,000, respectively, represented payable for purchase of raw materials.

(vi) The Group provided a short-term loan of RMB730,000 to Zhongdan Ruihao with an interest rate of 7.2% during 2012. During the year ended December 31, 2013, the Group also provided four short-term loans of RMB100,000,000 to Zhongdan Ruihao. These loans bore an interest rate of 5.6% per annum. The Group collected short-term loans of RMB50,730,000 and interest income of RMB596,000 during 2013. The interest income for the years ended December 31, 2012 and 2013 amounted to RMB42,000 and RMB620,000, respectively. The amount due from Zhongdan Ruihao of RMB54,426,000 as of December 31, 2013 represented loans of RMB50,000,000, interest receivables of RMB66,000 and receivables for interest-free advances of RMB4,360,000 provided by the Group in 2012.

The amount due to Zhongdan Ruihao of RMB24,000,000 represented the guarantee deposit payable to Zhongdan Ruihao as of December 31, 2012 and 2013. During the year ended December 31, 2012, the Group pledged RMB24,000,000 as security for Zhongdan Ruihao's bank loan (Note 20). To mitigate the Group's risk exposure, the Group received the same amounts from Zhongdan Ruihao.

33 Material related party transactions (continued)

(a) The significant related party transactions are summarized as follows (continued):

- (vii) As of December 31, 2013, the amount due to Daqing Dumeng of RMB20,560,000 represented the guarantee deposit payable to Daqing Dumeng. During the year ended December 31, 2013, the Group pledged RMB20,560,000 as security for Daqing Dumeng's bank loan (Note 20). To mitigate the Group's risk exposure, the Group received the same amounts from Daqing Dumeng.
- As of December 31, 2013, the amount due from Daqing Dumeng of RMB2,000,000 represented interest-free advances.
- (viii) As of December 31, 2012, the amount due from Xinjiang Wanbang of RMB18,000 represented interest-free advances, and the amount due to Xinjiang Wanbang of RMB18,960,000 represented receipt in advance for a wind farm project.
- As of December 31, 2013, the amount due from Xinjiang Wanbang of RMB207,000 represented interest-free advances.
- (ix) The Group also provided a short-term loan of RMB185,000,000 to Inner Mongolia Wind Power in 2013. This short-term loan bore an interest rate of 8.5% per annum. The interest income for the year ended December 31, 2013 amounted to RMB4,805,000. The Group has collected RMB4,368,000 during 2013.
- As of December 31, 2012, the amount due to Inner Mongolia Wind Power of RMB10,010,000 represented receipt in advance of RMB10,000,000 for a wind farm project and other payable of RMB10,000.
- As of December 31, 2013, the amount due to Inner Mongolia Wind Power of RMB77,838,000 represented receipt in advance of RMB77,828,000 for a wind farm project and other payable of RMB10,000.
- (x) As of December 31, 2012, the amount due from Guangdong Redsolar Photovoltaic Tech Co., Ltd. ("Guangdong Redsolar") of RMB73,000 represented rental income receivable. The amount due to Guangdong Redsolar of RMB5,531,000 represented receipt in advance from Guangdong Redsolar for purchase of raw materials.
- As of December 31, 2013, the amount due from Guangdong Redsolar of RMB1,099,000 represented receivable of RMB944,000 from miscellaneous expense paid by the Group on behalf of Guangdong Redsolar, and RMB155,000 from rental income receivable.
- (xi) As of December 31, 2012, the amount due from Huifeng New Energy represented interest-free advances provided by the Group in 2012. The amount has been fully collected during 2013.

33 Material related party transactions (continued)

(b) Directors and key management personnel's remuneration

The remuneration of directors and key management personnel for the years ended December 31, 2011, 2012 and 2013 is set out below:

	Salary RMB'000	Discretionary bonus and other benefits# RMB'000	Equity-settled share-based payment RMB'000	Total RMB'000
<u>2011</u>				
Directors	2,854	580	—	3,434
Key management personnel	<u>5,800</u>	<u>977</u>	<u>48,255</u>	<u>55,032</u>
	<u>8,654</u>	<u>1,557</u>	<u>48,255</u>	<u>58,466</u>
<u>2012</u>				
Directors	3,000	285	—	3,285
Key management personnel	<u>5,980</u>	<u>602</u>	<u>18,872</u>	<u>25,454</u>
	<u>8,980</u>	<u>887</u>	<u>18,872</u>	<u>28,739</u>
<u>2013</u>				
Directors	7,218	347	—	7,565
Key management personnel	<u>6,705</u>	<u>728</u>	<u>12,992</u>	<u>20,425</u>
	<u>13,923</u>	<u>1,075</u>	<u>12,992</u>	<u>27,990</u>

Other benefits mainly include the payment to the defined contribution pension plans and other compulsory social security funds.

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34 Subsidiaries

The following list contains the particulars of consolidated subsidiaries which principally affect the consolidated results of operations and financial condition of the Group:

Name of subsidiary	Note	Place of incorporation and operation	Paid-in capital as of December 31, 2013 in thousands	Effective percentage of equity interests as of December 31,		Principal activities
				2012	2013	
Guangdong Mingyang Wind Power Industry Group Co., Ltd. (“Guangdong Mingyang”)	2(b)	Zhongshan	RMB 548,367	99.16%	99.16%	Manufacture and sale of wind turbines
Tianjin Mingyang Wind Power Blade Technology Co., Ltd. (“Tianjin Blade”)		Tianjin	RMB 72,000	99.16%	99.16%	Manufacture of wind turbine blades
Zhongshan Mingyang Wind Power Blade Technology Co., Ltd. (“Zhongshan Blade”)		Zhongshan	RMB 50,000	99.16%	99.16%	Manufacture of wind turbine blades
Jilin Mingyang Wind Power Technology Co., Ltd. (“Jilin Mingyang”)		Jilin	RMB 100,000	99.16%	99.16%	Manufacture and sale of wind turbines and blades
Jiangsu Mingyang Wind Power Technology Co., Ltd. (“Jiangsu Mingyang”)		Jiangsu	RMB 240,000	59.50%	59.50%	Manufacture and sale of wind turbines
Tianjin Mingyang Wind Power Equipment Co., Ltd. (“Tianjin Equipment”)		Tianjin	RMB 240,000	99.16%	99.16%	Manufacture of wind turbine components
Ming Yang Wind Power European R&D Center Limited Company (“Mingyang European”)		Denmark	DKK 125	99.16%	99.16%	Research and development of wind turbine technology
Zhongshan Mingyang Wind Power Equipment Co., Ltd. (“Zhongshan Equipment”)		Zhongshan	RMB 50,000	99.16%	99.16%	Manufacture of wind turbine components
Ming Yang Wind Power USA Inc. (“Mingyang USA”)		United States	US\$ 0.01	99.16%	99.16%	Sale of wind turbines
Ming Yang Wind Power Investment Holding (Tianjin) Co., Ltd. (“Tianjin Investment”)		Tianjin	US\$ 200,000	100.00%	100.00%	Investment activities
Shuangliao Mingyang New Energy Equipment Co., Ltd. (“Shuangliao Equipment”)		Jilin	RMB 1,000	99.16%	99.16%	Sale of wind turbines
Taonan Mingyang New Energy Equipment Co., Ltd. (“Taonan Equipment”)		Jilin	RMB 1,000	99.16%	99.16%	Sale of wind turbines
Baicheng Mingyang New Energy Equipment Co., Ltd. (“Baicheng Equipment”)		Jilin	RMB 1,000	99.16%	99.16%	Sale of wind turbines

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34 Subsidiaries (continued)

The following list contains the particulars of consolidated subsidiaries which principally affect the consolidated results of operations and financial condition of the Group (continued):

Name of subsidiary	Note	Place of incorporation and operation	Paid-in capital as of December 31, 2013		Effective percentage of equity interests as of December 31,		Principal activities
			in thousands		2012	2013	
Da'an Mingyang New Energy Equipment Co., Ltd. ("Da'an Equipment")	(ii)	Jilin	RMB	1,000	99.16%	99.16%	Sale of wind turbines
Ming Yang Wind Power (International) Co., Limited ("Mingyang International")		Hong Kong	US\$	30,000	100.00%	100.00%	Investment activities
Gansu Mingyang New Energy Technology Co., Ltd. ("Gansu Technology")		Gansu	RMB	50,000	99.16%	99.16%	Manufacture and sale of wind turbines
Zhongshan Ruiyang Investment Management Co., Ltd. ("Zhongshan Investment")	4(a)	Zhongshan	RMB	30,000	99.16%	99.16%	Investment activities
Guizhou Mingyang Wind Power Technology Co., Ltd. ("Guizhou Mingyang")		Guizhou	RMB	20,000	99.16%	99.16%	Manufacture and sale of wind turbines
Guangdong Mingyang New Energy Technology Co., Ltd. ("Mingyang New Energy")		Yangjiang	RMB	10,000	99.16%	99.16%	Manufacture and sale of wind turbines
Yunnan Mingyang Wind Power Technology Co., Ltd. ("Yunnan Mingyang")		Yunnan	RMB	50,000	99.16%	99.16%	Manufacture and sale of wind turbines
Inner Mongolia Fengchangyuan New Energy Development Co., Ltd. ("Fengchangyuan New Energy")	4(b)	Inner Mongolia	RMB	20,000	99.16%	99.16%	Operation of a wind farm
Mingyang Holdings (Singapore) Pte. Ltd. ("Mingyang Singapore")	(vii)	Singapore	US\$	0.1	100.00%	100.00%	Investment activities
Gaozhou Mingyang New Energy Investment Development Co., Ltd. ("Gaozhou Mingyang")		Gaozhou	RMB	5,000	99.16%	99.16%	Manufacture and sale of wind turbines
Tianjin Mingyang Wind Power Technology Co., Ltd. ("Tianjin Technology")	4(c)	Tianjin	RMB	83,000	99.16%	99.16%	Leasing, manufacture and sale of wind turbines
Global Wind Power Limited ("GWPL")	4(d) / (vii)	India	INR	648,874	50.00%	50.00%	Manufacture and sale of wind turbines
Global Wind Infrastructure and Services Private Limited ("GWISPL")	(vii)	India	INR	100	50.00%	50.00%	Wind farm operating service

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34 Subsidiaries (continued)

The following list contains the particulars of consolidated subsidiaries which principally affect the consolidated results of operations and financial condition of the Group (continued):

Name of subsidiary	Note	Place of incorporation and operation	Paid-in capital as of December 31, 2013		Effective percentage of equity interests as of December 31,		Principal activities
			in thousands		2012	2013	
Ming Yang Renewable (HK) Co., Limited (“Renewable HK”)	(ii)	Hong Kong	US\$	0.001	—	99.16%	Investment activities
Ming Yang Renewable Energy (International) Company Limited (“Renewable International”)	(iii)	Hong Kong	US\$	0.001	—	99.16%	Financing activities
Shandong Mingyang Wind Power Technology Co., Ltd. (“Shandong Mingyang”)	(iv)	Shandong	RMB	20,000	—	99.16%	Manufacture and sale of wind turbines
Burqin Mingyang Wind Power Sales Co., Ltd. (“Burqin Mingyang”)	(v)	Burqin	RMB	500	—	99.16%	Sale of wind turbines
Gansu Shandan Xiehe Wind Power Co., Ltd. (“Shandan Xiehe”)	4(e)	Gansu	RMB	5,000	—	99.16%	Operation of a wind farm
Xinhua Xingyang Wind Power Co., Ltd. (“Xinhua Xingyang”)	(vi)	Hunan	RMB	2,000	—	99.16%	Operation of a wind farm

Notes:

- (i) The official names of the above consolidated subsidiaries in Chinese are translated into English for the purpose of these consolidated financial statements.
- (ii) Renewable HK was incorporated on October 31, 2013 by Jilin Mingyang with a registered capital of US\$1. As of December 31, 2013, Jilin Mingyang owned 100% equity interests in Renewable HK.
- (iii) Renewable International was incorporated on April 26, 2013 by Guangdong Mingyang with a registered capital of US\$1. As of December 31, 2013, Guangdong Mingyang owned 100% equity interests in Renewable International.
- (iv) Shandong Mingyang was incorporated on June 4, 2013 by Guangdong Mingyang and Zhongshan Blade with a registered capital of RMB100,000,000. As of December 31, 2013, Guangdong Mingyang and Zhongshan Blade have made capital payment of RMB19,800,000 and RMB200,000, respectively. As of December 31, 2013, Guangdong Mingyang and Zhongshan Blade owned 99% and 1% equity interests in Shandong Mingyang, respectively.

34 Subsidiaries (continued)

- (v) Burqin Mingyang was incorporated on June 20, 2013 by Guangdong Mingyang with a registered capital of RMB500,000. As of December 31, 2013, Guangdong Mingyang owned 100% equity interests in Burqin Mingyang.
- (vi) Xinhua Xinyang was incorporated on September 10, 2013 by Guangdong Mingyang with a registered capital of RMB2,000,000. As of December 31, 2013, Guangdong Mingyang owned 100% equity interests in Xinhua Xinyang.
- (vii) 98% equity interests of Mingyang Singapore is held directly by Mingyang International, while the remaining 2% equity interests is held under the name of two natural persons on trust for Mingyang International. Such trust arrangement was established to meet the local requirement in Singapore through the *Nominee Letter of Appointment* entered into between Mingyang International and the two natural persons. Thus the Group effectively in aggregate holds 100% equity interests in Mingyang Singapore.

35 Subsequent events

On January 1, 2014, pursuant to the waiver letter issued by Mingyang Singapore to GWPL, the Group waived part of its voting power at the shareholders' meeting, as well as one of its seats on the Board of Directors of GWPL at its sole discretion effective from January 1, 2014. Subsequent to the waiver, the Group has 50% voting power at the shareholders' meeting and 50% of the seats on the Board of Directors of GWPL. In this connection, the Group reassessed its involvement in GWPL, and concluded that the Group no longer has existing rights to direct the activities that significantly affect GWPL's returns, and hence has lost control over GWPL upon effectiveness of the waiver. Management believes that through the waiver, the Group and the other shareholders will share joint control in GWPL, which provides a basis of cooperation for the improvement of GWPL's future operating results. As a result, the Group deconsolidated GWPL and accounted for GWPL as a joint venture under equity method of accounting from January 1, 2014.

LIST OF SIGNIFICANT SUBSIDIARIES OF THE REGISTRANT

First Base Investments Limited
KeyCorp Limited
Sky Trillion Limited
King Venture Limited
Tech Sino Limited
Asiatech Holdings Limited
Wiser Tyson Investment Corp. Limited
Rich Wind Energy Two Corp.
Guangdong Mingyang Wind Power Industry Group Co., Ltd.
Tianjin Mingyang Wind Power Blade Technology Co., Ltd.
Zhongshan Mingyang Wind Power Blade Technology Co., Ltd.
Jilin Mingyang Wind Power Technology Co., Ltd.
Shuangliao Mingyang New Energy Equipment Co., Ltd.
Taonan Mingyang New Energy Equipment Co., Ltd.
Baicheng Mingyang New Energy Equipment Co., Ltd.
Da'an Mingyang New Energy Equipment Co., Ltd.
Ming Yang Renewable (HK) Co., Limited
Jiangsu Mingyang Wind Power Technology Co., Ltd.
Tianjin Mingyang Wind Power Equipment Co., Ltd.
Zhongshan Mingyang Wind Power Equipment Co., Ltd.
Ming Yang Wind Power Investment Holding (Tianjin) Co., Ltd.
Ming Yang Wind Power (International) Co., Limited
Gansu Mingyang New Energy Technology Co., Ltd.
Zhongshan Ruiyang Investment Management Co., Ltd.
Guizhou Mingyang Wind Power Technology Co., Ltd.
Guangdong Mingyang New Energy Technology Co., Ltd.
Yunnan Mingyang Wind Power Technology Co., Ltd.
Inner Mongolia Fengchangyuan New Energy Development Co., Ltd.
Gaozhou Mingyang New Energy Investment Development Co., Ltd.
Tianjin Mingyang Wind Power Technology Co., Ltd.
Mingyang Holdings (Singapore) Pte. Ltd.
Ming Yang Wind Power USA Inc.
Ming Yang Wind Power European R&D Center ApS
Global Wind Power Limited
Global Wind Infrastructure and Services Private Limited
Ashban Company Limited
Global Wind Power Italy S.R.L.
Ming Yang Renewable Energy (International) Company Limited
Shandong Mingyang Wind Power Technology Co., Ltd.
Burqin Mingyang Wind Power Sales Co., Ltd.
Gansu Shandan Xiehe Wind Power Co., Ltd.
Xinhua Xinyang Wind Power Co., Ltd.

Certification by the Chief Executive Officer**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Chuanwei Zhang, certify that:

1. I have reviewed this annual report on Form 20-F of China Ming Yang Wind Power Group Limited (the "Company");
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;
4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (d) Disclosed in this annual report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 30, 2014

By: /s/ Chuanwei Zhang

Name: Chuanwei Zhang

Title: Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Calvin Lau, certify that:

1. I have reviewed this annual report on Form 20-F of China Ming Yang Wind Power Group Limited (the “Company”);
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;
4. The Company’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (d) Disclosed in this annual report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 30, 2014

By: /s/ Calvin Lau
Name: Calvin Lau
Title: Chief Financial Officer

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of China Ming Yang Wind Power Group Limited (the "Company") on Form 20-F for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chuanwei Zhang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2014

By: /s/ Chuanwei Zhang

Name: Chuanwei Zhang

Title: Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of China Ming Yang Wind Power Group Limited (the "Company") on Form 20-F for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Calvin Lau, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April [30], 2014

By: /s/ Calvin Lau

Name: Calvin Lau

Title: Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

The Board of Directors

China Ming Yang Wind Power Group Limited:

We consent to the incorporation by reference in the registration statement (No. 333- 192375) on Form S-8 of China Ming Yang Wind Power Group Limited of our reports dated April 30, 2014, with respect to the consolidated statements of financial position of China Ming Yang Wind Power Group Limited as of December 31, 2012 and 2013, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting as of December 31, 2013, which reports appear in the December 31, 2013 annual report on Form 20-F of China Ming Yang Wind Power Group Limited.

Our report dated April 30, 2014, on the effectiveness of internal control over financial reporting as of December 31, 2013, expresses our opinion that China Ming Yang Wind Power Group Limited did not maintain effective internal control over financial reporting as of December 31, 2013 because of the effect of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states material weaknesses related to the policies and practices of China Ming Yang Wind Power Group Limited Indian operating segment's intangible assets, inventories, and loans due to related parties.

/s/ KPMG

Hong Kong, China
April 30, 2014