

**SUZLON WIND ENERGY EQUIPMENT
TRADING (SHANGHAI) CO., LTD
FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

** This English report and its appendices are for reference only; its official interpretation will be based on its Chinese version.*

Report of the Auditors

ZCHJSZ (2018) 0665

To: The Board of Directors of Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd

I . Opinion

We have audited the accompanying financial statements of Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd. including balance sheet as of December 31, 2017, and the statement of income, cash flows and changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as of December 31, 2017 and the results of its operations and cash flows for the year then ended, in accordance with the requirements of Accounting System for Business Enterprise.

II . Basis for opinion

We conducted our audit in accordance with Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. According to the CPA professional ethical code, we are independent of the Company and comply with all other professional ethical requirements. We believe the audit evidences we have obtained are sufficient and appropriate and provide a reasonable basis for our opinion.

III. Others

The balance sheet as at December 31st, 2016, and the income statement, cash flow statement and statement for the changes in owner's equity for the year then ended, and relevant notes to the financial statements were audited by the other accounting firm, with the unqualified opinion issued on February 15, 2017.

IV. Management's and Governance's Responsibility for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting System for Business Enterprise and designing, implementing and maintaining necessary internal control so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and applying going concern basis of accounting unless the management plans to liquidate the Company, to cease operations or have no other realistic alternatives but to do so.

The governance is responsible for overseeing the financial reporting process of the Company.

V. Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Chinese Certified Public Accountants Standards of Auditing, we exercise professional judgment and maintain professional suspicion throughout the audit. We also:

- 1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- 4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting. Meantime, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Shanghai Zhong Chuang Hai Jia Certified Public Accountants Co., Ltd.

Shanghai, the People's Republic of China

Date: March 20, 2018



Balance Sheet

Prepared by: Suzon Wind Energy Equipment Trading (Shanghai) Co., Ltd.

As of December 31, 2017

Monetary Unit: Rmb Yuan

Line No.	Items	Ending Balance	Year-beg. Balance	Line No.	Items	Ending Balance	Year-beg. Balance
1	Current Assets:			73	Current Liabilities:		
2	Monetary funds	864,804.45	336,344.14	74	Short-term borrowings		
3	△ Balances with depository companies			75	△ Borrowings from central bank		
4	△ Loans to banks and other financial institutions			76	△ Customer bank deposits and due to banks and other financial institutions		
5	Financial assets at fair value through profit or loss			77	△ Payments from banks and other financial institutions		
6	Derivative financial assets			78	Financial liabilities at fair value through profit or loss		
7	Notes receivable			79	Derivative financial assets		
8	Accounts receivable	11,072.53	24,572.53	80	Notes payable		
9	Advances to suppliers	224,435.30	826,085.12	81	Accounts payable	1,248,561.93	1,391,218.24
10	△ Premium receivables			82	Advances from customers		
11	△ Receivables from reinsurers			83	△ Financial assets sold under agreements to repurchase		
12	△ Reinsurers' deposit for duty of reinsurance			84	△ Handling charges and commission payable		
13	Interest receivable			85	Employee payroll and rewards payable		
14	Dividends receivable			86	Including: Acquired payroll		
15	Other receivables	179,457.88	256,353.04	87	Welfare expenses payable		
16	△ Financial assets purchased under agreements to resell			88	Including: employee bonus & welfare fund		
17	Inventories			89	Taxes and dues payable		
18	Including: Raw materials			90	Including: Taxes payable	86,606.75	121,318.53
19	Goods on hand (Finished goods)			91	Interest payable	84,526.90	116,509.03
20	Assets classified as held for sale			92	Dividends payable		
21	Non-current assets due within one year			93	Other payables		
22	Other current assets			94	△ Due to subsidiaries	31,737.74	28,112.22
23	Total Current Assets	1,330,818.03	1,494,402.70	95	△ Insurance contract reserves		
24	Non-current Assets:			96	△ Customer brokerage deposits		
25	△ Loans and advances to customers			97	△ Securities underwriting brokerage deposits		
26	Available for sale financial assets			98	Liabilities classified as held for sale		
27	Held-to-maturity investments			99	Non-current liabilities due within one year		
28	Long-term receivables			100	Other current liabilities		
29	Long-term equity investments			101	Total Current Liabilities	1,709,530.57	1,935,836.15
30	Investment properties			102	Non-current liabilities:		
31	Original cost of fixed assets	138,797.34	132,065.88	103	Long-term borrowings		
32	Less: Accumulated depreciation	130,720.71	124,240.91	104	Bonds payable		
33	Fixed assets-net value	8,076.63	7,216.97	105	Long-term payables		
34	Less: Provision for impairment of fixed assets			106	Long-term employee payroll and rewards payable		
35	Fixed assets-net amount	8,076.63	7,216.97	107	Special payable		
36	Construction in progress			108	Expected liabilities		
37	Construction materials			109	Deferred income		
38	Disposal of fixed assets			110	Deferred income tax liabilities		
39	Productive biological assets			111	Other non-current liabilities		
40	Oil and gas assets			112	Including: Specially approved reserve fund		
41	Intangible assets			113	Total Non-current Liabilities		
42	Expenditures on research and development			114	Owners' Equity (or Shareholders' Equity):		
43	Goodwill			115	Paid-in capital (share capital)	1,709,530.57	1,935,836.15
44	Long-term prepaid expenses	3,746.46	11,396.63	116	State-owned capital	14,893,981.11	14,893,981.11
45	Deferred income tax assets			117	Including: State-owned corporate capital		
46	Other non-current assets			118	Collective capital		
47	Including: Specially approved reserve fund			119	Private capital		
48	Total Non-current Assets	11,954.09	18,617.60	120	Including: Individual capital		
49				121	Foreign capital		
50				122	# Less: Investments returned		
51				123	Paid-in capital (share capital)-net amount	14,893,981.11	14,893,981.11
52				124	Other equity instruments		
53				125	Including: Preferred shares		
54				126	Perpetual bond		
55				127	Capital reserve		
56				128	Less: Treasury shares		
57				129	Other comprehensive income		
58				130	Including: Translation difference in foreign currency financial statements		
59				131	Surplus reserve		
60				132	Statutory surplus reserve		
61				133	Including: Discretionary surplus reserve		
62				134	# Reserve fund		
63				135	# Enterprise expansion fund		
64				136	# Profit capitalized on return of investment		
65				137	△ General risk reserve		
66				138	Undistributed profit		
67				139	Total owners' equity attributable to the parent	(15,260,729.56)	(15,316,766.96)
68				140	Minority interests	(665,748.45)	(422,815.65)
69				141	Total Owners' Equity	968,748.45	422,815.65
70				142	Total Liabilities & Owners' Equity	1,342,762.12	1,513,020.30
71				143			
72	Total Assets	1,342,762.12	1,513,020.30	144			

Income Statement

Prepared by: Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.

For the Year 2017

Items		Line No.	Current Period	Prior Period	Items	Line No.	Current Period	Prior Period	Monetary Unit: Rmb Yuan	
I. Total Revenue of Operations		1	7,418,428.22	5,018,263.71	Add: Non-operating revenue	31	33,835.99	6,439,607.62		
Including: Revenue of operations		2	7,418,428.22	5,018,263.71	Including: Gains on disposal of non-current assets	32				
△ Interest income		3			Gains on exchange of non-current assets	33				
△ Earned premium		4			Government grants	34	20,000.00	100,000.00		
△ Handling charges and commission income		5			Gains on debt restructuring	35				
II. Total Cost of Operations		6	7,371,763.39	6,150,130.75	Less: Non-operating expenses	36	24,433.42			
Including: Cost of Operations		7			Including: Losses on disposal of non-current assets	37				
△ Interest expense		8			Losses on exchange of non-current assets	38				
△ Handling charges and commission expenses		9			Losses on debt restructuring	39				
△ Surrenders		10			IV. Total Profit ("-" for total loss)	40	56,067.40	5,307,740.58		
△ Net claims paid		11			Less: Income tax expense	41				
△ Net charge in insurance contract reserves		12			V. Net Profit ("-" for net loss)	42	56,067.40	5,307,740.58		
△ Policyholder dividend expense		13			Net profit attributable to the owners of the parent	43				
△ Expenses for reinsurance accepted		14			*Minority interest income	44				
Business taxes and surcharges		15	44,984.11	28,991.50	VI. Net Amount of Other Comprehensive Income Net of Tax	45				
Selling expenses		16	5,921,520.89	5,079,519.42	(i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods	46				
General and administrative expenses		17	1,329,523.91	997,528.43	1. Changes in remeasurements of net liabilities or net assets of defined benefit plans	47				
Including: Research and development expenses		18			2. Share of the investee's other comprehensive income not to be reclassified to profit or loss under the equity method	48				
Funding for party building		19			(ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods	49				
Finance costs		20	75,734.48	44,091.40	1. Share of the investee's other comprehensive income to be reclassified to profit or loss under the equity method	50				
Including: Interest expense		21			2. Gains or losses on changes at fair value of available-for-sale financial assets	51				
Interest income		22	827.03	2,057.16	3. Gains or losses on the held-to-maturity investments reclassified into available-for-sale financial assets	52				
Exchange net loss ("-" for exchange net gain)		23	59,980.43	35,389.08	4. Effective portion of gains or losses on cash flow hedges	53				
Impairment loss of assets		24			5. Exchange differences on translation of foreign currency financial statements	54				
Other		25			VII. Total Comprehensive Income	55	56,067.40	5,307,740.58		
Add: Gains on changes in fair value ("-" for losses)		26			Total comprehensive income attributable to the owners of the parent	56				
Investment income ("-" for losses)		27			*Total comprehensive income attributable to the minority shareholders	57				
Including: Income from investments in associates and joint ventures		28			VIII. Earnings Per Share:	58				
△ Foreign exchange gains ("-" for losses)		29			Basic earnings per share	59				
III. Operating Profit ("-" for loss)		30	46,664.83	(1,131,867.04)	Diluted earnings per share	60				

Cash Flow Statement

Prepared by: Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.

For the Year 2017

Monetary Unit: Rmb Yuan

Items	Line No.	Current Period	Prior Period	Items	Line No.	Current Period	Prior Period
I. Cash Flows from Operating Activities:							
Cash receipts from the sale of goods or rendering of services	1	-	-	Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	30		
△Net increase in customer bank deposits and due to banks and other financial institutions	2	7,935,118.35	5,295,282.17	Net cash receipts from disposal of subsidiaries and other business units	31		
△Net increase in borrowings from central bank	3			Other cash receipts relating to investing activities	32		
△Net increase in placements from other financial institutions	4			Sub-total of cash inflows from investing activities	33		
△Premiums received from original insurance contracts	5			Cash payments to acquire fixed assets, intangible assets and other long-term assets	34	6,737.46	5,126.50
△Net cash received from reinsurance business	6			Cash payments to acquire investments	35		
△Net increase in deposits and investments from policyholders	7			△Net increase in pledge loans	36		
△Net increase from disposal of financial assets at fair value through profit or loss	8			Net cash payments for acquisition of subsidiaries and other business units	37		
△Interest, handling charges and commission received	9			Other cash payments relating to investing activities	38		
△Net increase in placements from banks and other financial institutions	10			Sub-total of cash outflows from investing activities	39	6,737.46	5,126.50
△Net increase in repurchase business capital	11			Net cash flows from investing activities	40	(6,737.46)	(5,126.50)
Receipts of tax refunds	12			III. Cash Flows from Financing Activities:	41		
Other cash receipts relating to operating activities	13	20,000.00	100,000.00	Cash receipts from investments by others	42		
Sub-total of cash inflows from operating activities	14	175,557.12	1,519.54	Including: Cash received by subsidiaries from minority shareholders' investment	43		
Cash payments for goods purchased and services received	15	8,130,675.47	5,396,801.71	Cash receipts from borrowings	44		
△Net increase in loans and advances to customers	16			△Cash receipts from bond issue	45		
△Net increase in deposits with central bank and other financial institutions	17			Other cash receipts relating to financing activities	46		
△Original insurance contract claims paid	18			Sub-total of cash inflows from financing activities	47		
△Interest, handling charges and commissions paid	19			Cash repayments of amounts borrowed	48		
△Policyholder dividend paid	20			Cash payments for distribution of dividends or profits or for interest expenses	49		
Cash payments to and on behalf of employees	21			Including: Dividends and profits paid by subsidiaries to minority shareholders	50		
Payments of all types of taxes	22	5,324,246.24	4,415,629.58	Other cash payments relating to financing activities	51		
Other cash payments relating to operating activities	23	427,043.45	559,893.08	Sub-total of cash outflows from financing activities	52		
Sub-total of cash outflows from operating activities	24	1,784,207.58	2,372,048.92	Net cash flows from financing activities	53		
Net cash flows from operating activities	25	7,535,497.27	7,347,571.58	IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	54	(59,980.43)	(35,380.08)
Net cash flows from investing activities	26	595,178.20	(1,950,769.87)	V. Net Increase in Cash and Cash Equivalents	55	528,460.31	(1,991,285.45)
Net cash flows from financing activities	27			Add: Cash and cash equivalents at the beginning of the period	56	336,344.14	2,327,629.59
Cash receipts from return of investments	28			VI. Cash and Cash Equivalents at the End of the Period	57	864,804.45	336,344.14
Cash receipts from return on investments	29				58		

Statement of Changes in Owners' Equity

Prepared by: Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.

For the Year 2017

Monetary Unit: Rmb Yuan

Monetary Unit: Rmb Yuan																								
Items	Line No.	Current Year										Prior Year												
		Owners' Equity Attributable to the Parent										Owners' Equity Attributable to the Parent												
		Paid-in Capital (or Share Capital)	Other Equity Instruments	Capital Reserve	Less: Treasury Shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Δ Generic Risk Reserve	Undistributed Profit	Other	Paid-in Capital (or Share Capital)	Other Equity Instruments	Capital Reserve	Less: Treasury Shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Δ Generic Risk Reserve	Undistributed Profit	Other	Total Owners' Equity		
Column No.	-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	Total Owners' Equity	
I. Year-end Balance of the Prior Year	1	14,893,981.11		-				-		(15,316,796.96)		(422,815.85)	14,893,981.11								(20,624,537.54)		22	-5,730,556.43
Add: Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-											-	-
Correction of prior period errors	3	-	-	-	-	-	-	-	-	-	-	-											-	-
Other	4																						-	-
II. Year beginning Balances for the Current Year	5	14,893,981.11											14,893,981.11											-
III. Changes (Increase/Decrease) for the Current Year (Filled with "+" for Decrease)	6	-	-	-	-	-	-	-	-	(15,316,796.96)	-	(422,815.85)	14,893,981.11	-	-	-	-	-	-	-	(20,624,537.54)	-	21	-5,730,556.43
(I) Total comprehensive income	7									56,067.40		56,067.40									5,307,740.58			5,307,740.58
(II) Capital paid in and reduced by the owners	8									56,067.40		56,067.40									5,307,740.58			5,307,740.58
1. Common shares paid in by owners	9									-	-	-									-	-	-	-
2. Capital paid in by holders of other equity instruments	10									-	-	-									-	-	-	-
3. Amounts of share-based payments recognized in owners' equity	11									-	-	-									-	-	-	-
4. Other	12																							-
(III) Appropriation and use of special reserve	13																							-
1. Appropriation of special reserve	14									-	-	-									-	-	-	-
2. Use of special reserve	15									-	-	-									-	-	-	-
(IV) Profit distribution (appropriations)	16																							-
1. Appropriation of surplus reserve	17																							-
Including: Statutory surplus reserve	18									-	-	-									-	-	-	-
Discretionary surplus reserve	19									-	-	-									-	-	-	-
#Reserve fund	20									-	-	-									-	-	-	-
#Enterprise expansion fund	21									-	-	-									-	-	-	-
#Profit capitalized on return of investment	22									-	-	-									-	-	-	-
2. Appropriation of generic risk reserve	23									-	-	-									-	-	-	-
3. Appropriations to owners (or shareholders)	24									-	-	-									-	-	-	-
4. Other	25																							-
(V) Internal transfer of owners' equity	26																							-
1. Capital surplus converted into capital (or share capital)	27									-	-	-									-	-	-	-
2. Surplus reserve converted into capital (or share capital)	28									-	-	-									-	-	-	-
3. Surplus reserve for recovery of losses	29									-	-	-									-	-	-	-
4. Conversion of changes arising from remeasurement of net liabilities or net assets	30									-	-	-									-	-	-	-
5. Other	31																							-
IV. Year-end Balance for the Current Year	32	14,893,981.11		-				-		(15,260,729.56)		(366,748.45)	14,893,981.11		-						(15,316,796.96)			(422,815.85)

Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.

Notes to the 2017 Financial Statements
(All amounts expressed in RMB Yuan unless otherwise stated)

I Company Profile

Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd. is a foreign-funded enterprise solely funded by Suzlon Energy Ltd incorporated on June 10, 2008. The uniform social credit code of the Company is 91310000674645534M. The total investment in the Company is USD 2.22 million, and the registered capital of the Company is RMB 2.22 million. Domicile of the Company: Room 18BC, 55 Huaihai West Road, Xuhui District, Shanghai. Legal representative: TULSI T. TANTI. The term of business of this Company is 30 years.

The Company's scope of business: Wholesale, import & export and commission agent services (except auction) of wind power generation units and parts (including turbine towers) as well as relevant services, and business consultation. (No goods under state-owned trade administration are included, and goods involving quota and license administration shall be applied for in accordance with relevant requirements of the state.) [Items that shall be approved according to law shall be operated only upon the approval by the competent authority].

II Basis of Preparation

These financial statements were prepared on a going concern basis for transactions made in accordance with Accounting System for Business Enterprises, relevant accounting standards, as well as the following significant accounting policies and accounting estimates.

III Significant Accounting Policies and Accounting Estimates

1. Accounting standards and accounting system.

The Company implements the Accounting System for Business Enterprises, relevant accounting standards and their supplementary provisions.

2. Fiscal year

A fiscal year of the Company runs from January 1 to December 31 of the Gregorian calendar.

3. Recording currency

The Company takes Renminbi (RMB) as the functional currency.

4. Accounting basis and valuation principle

The accounts are kept on an accrual basis. Unless otherwise stated, the assets are accounted for at the actual cost when acquired; in case of impairment after the asset acquisition, corresponding impairment provisions shall be drawn.

5. Accounting treatment of foreign currency business and translation method

Transactions denominated in foreign currencies are translated into RMB amounts at the exchange rates (middle rates) published by the People's Bank of China on the date of transaction. Foreign currency account balances as of the end of each term are translated into RMB at the exchange rates (middle rates) of that date, with differences stated as exchange gains/losses. Specifically, those incurred during the organization period of the Company are stated as long-term deferred and prepaid expenses; those related to the purchase of fixed assets are stated in accordance with the principle of capitalization.

6. Cash and cash equivalents

The cash presented in the cash flow statement means the vault cash, bank deposits ready for payment at any time and cash equivalents. The term "cash equivalents" means short-term (generally due within three months as of the date of purchase) and highly liquid investments that are readily convertible to known amount of cash and is subject to an insignificant risk of change in value.

7. Accounts receivable

(1) Standards for the recognition of accounts receivable as bad debts:

- (i) An account receivable whose debtor goes bankrupt or is dead, and which cannot be recovered with the bankruptcy properties or heritage;
- (ii) An account receivable whose debtor fails to perform the repayment obligation as scheduled, and there is an obvious sign indicating that the amount cannot be recovered;
- (iii) Accounts receivable meeting one of the aforesaid standards will be recognized as bad debt losses after being approved according to the management authority of the Company, and written off with the bad debt provision drawn.

(2) Accounting treatment of bad debt losses: the bad debts are accounted for by the allowance method.

(3) Withdrawal of bad debt provision: the bad debt provision is drawn by the specific identification method and according to the year-end balance of the accounts receivable or other receivables (excluding the security deposit).

8. Inventories

(1) Classification of inventories: materials in transit, commodities purchased, etc.

(2) Valuation methods applicable to acquisition and delivery: inventories will be measured at actual cost when being acquired, and by the specific identification method when being delivered.

(3) Inventory system: perpetual inventory system

(4) Amortization of low-value consumables and package materials: the one-off amortization method is adopted in accounting when such materials are drawn.

(5) Recognition of provisions for obsolete stocks: the inventories are measured at the lower one of the year-end book cost and the realizable net value of the inventories. When the realizable net value falls below the book cost, the provisions for obsolete stocks will be drawn according to the difference.

(6) Basis for determining the realizable net value: in the course of normal production and operations, the realizable net value shall be the value left after deducting the estimated completion costs and estimated expenses for sale from the estimated selling price.

(7) Withdrawal of impairment provision: the provision for obsolete stocks is drawn by single inventory. As for inventories of numerous quantity and low unit price, the provisions for obsolete stocks are drawn by the inventory category and the inventory impairment loss will be recorded into the current profits and losses.

9. Fixed assets

(1) The term "fixed assets" means the tangible assets held for sale of goods, rendering of service or business management, with the service life of over 1 year and high unit value.

(2) Measurement of fixed assets: a fixed asset is measured at the actual cost of acquisition.

(3) Depreciation of fixed assets: fixed assets are depreciated by the straight-line method. See below for the depreciation rates determined according to the original price, estimated economic service life and estimated salvage value rate of fixed assets:

Asset category	Estimated service life	Estimated salvage value	Estimated salvage value rate (%)	Annual depreciation rate (%)
Electronic equipment	3 years	-	-	33.33%

(4) Recognition and withdrawal of the provisions for impairment of fixed assets: at the end of each period, the provisions for impairment of fixed assets is drawn at the difference of the recoverable amount of a single fixed asset below its book value, and is recorded into the current profits and losses.

10. Long-term deferred expenses

A long-term deferred expense will be accounted for at the amount actually incurred, and be amortized evenly through the benefit period of the expense item. In case of no more use, the benefits of the future period shall be recorded once and for all into the current profits and losses.

11. Revenue recognition principles

(1) Sale of goods: an operating revenue will not be recognized unless major risks and rewards on the product ownership have been transferred to the buyer. The enterprise has retained neither the continuous management rights usually connected with the ownership nor the right to exert valid control over the products, the economic benefits related to the transaction can flow into the enterprise and the cost related to the sale of the products can be measured reliably.

(2) Rendering of service: if the service is started and completed in the same year, the service revenues will be recognized when the service has been rendered, and price or the basis for acquiring the price has been obtained; if the service is started and completed in different fiscal years, if the service transaction results can be estimated reliably, relevant service revenues shall be recognized by the percentage-of-completion method on the balance sheet date.

(3) Revenues from alienation of the right to use assets: the interest income arising from the alienation of the rights to use assets shall be calculated and determined according to the length and interest rate of cash use; the royalty income formed from intangible asset (e.g., trademark rights, patent rights, exclusive rights, software, copyrights, etc.) alienation shall be calculated and determined according to the time and method of charge stipulated in the relevant contract or agreement.

12. Accounting treatment of income tax

Accounting treatment of income tax: tax payable method, the income tax expenses of the current period shall be calculated and recognized according to the taxable income and applicable tax rate of the current period.

IV Taxes

Tax	Tax base	Tax rate	Benchmark tax rate/ tax preference and relevant approvals
VAT	Taxable income	17%; 6%	Benchmark tax rate
Urban maintenance and construction tax	Turnover tax	7%	Benchmark tax rate
Educational surcharges	Turnover tax	3%	Benchmark tax rate
Local educational surcharges	Turnover tax	2%	Benchmark tax rate
Enterprise income tax	Taxable income	25%	Benchmark tax rate

V Notes to Financial Statement Items

1. Monetary capital

Item	Year end			Year beginning		
	Amount in original currency	Translation exchange rate	Equivalent to RMB	Amount in original currency	Translation exchange rate	Equivalent to RMB
Cash			-			-
Bank deposits			864,804.45			336,344.14
Including: RMB			54,648.40			331,120.79
USD	123,987.03	6.5342	810,156.05	752.97	6.937	5,223.35
Total			864,804.45			336,344.14

2. Accounts receivable

(1) By the Age structure

Age	Year end		Year beginning	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Less than 1 year (1 year inclusive)	-	-	-	-
1-2 years (2 years inclusive)	-	-	-	-
2-3 years (3 years inclusive)	-	-	-	-
More than 3 years	11,072.53	-	24,572.53	-
Total	11,072.53	-	24,572.53	-

(2) Receivables of significant amount

Item	Closing book balance	Opening book balance
SE ELECTRICALS LIMITED	11,072.53	11,072.53
Total	11,072.53	11,072.53

3. Other receivables

(1) By the Age structure

Age	Year end		Year beginning	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Less than 1 year (1 year inclusive)	5,042.94	-	119,279.10	-
1-2 years (2 years inclusive)	33,300.00	-	-	-
2-3 years (3 years inclusive)	-	-	109,046.00	-
More than 3 years	141,114.94	-	28,027.94	-
Total	179,457.88	-	256,353.04	-

(2) Other receivables of significant amount

Item	Closing book balance	Opening book balance
House leasing security deposit for Shentong Plaza	113,087.00	113,087.00
Total	113,087.00	113,087.00

4. Inventories

(1) Inventories

Item	Year beginning	Increase in the current year	Decrease in the current year	Year end
Stock goods	51,047.87	-	-	51,047.87
Total	51,047.87	-	-	51,047.87

(2) Provisions for obsolete stocks: no

5. Fixed assets

Item	Year beginning	Increase in the current year	Decrease in the current year	Year end
1. Total original value	132,059.88	6,737.46	-	138,797.34
Including: Electronic and other equipment	132,059.88	6,737.46	-	138,797.34
2. Total accumulated depreciation	124,840.91	5,738.80	-	130,579.71
Including: Electronic and other equipment	124,840.91	5,738.80	-	130,579.71
3. Total accumulated impairment provision	-	-	-	-
Including: Electronic and other equipment	-	-	-	-
4. Total book value of fixed assets	7,218.97	/	/	8,217.63

6. Long-term deferred expenses

Item	Year beginning	Increase in the current year	Decrease in the current year	Year end
1. Original costs				
Office renovation	30,608.12	-	-	30,608.12
2. Accumulated amortization				
Office renovation	19,209.49	7,652.17	-	26,861.66
3. Amortized value				
Office renovation	11,398.63	/	/	3,746.46

7. Accounts payable

Age	Year end		Year beginning	
	Amount	Proportion of total amount (%)	Amount	Proportion of total amount (%)
Less than 1 year (1 year inclusive)	-	-	-	-
1-2 years (2 years inclusive)	-	-	-	-
2-3 years (3 years inclusive)	-	-	-	-
More than 3 years	1,248,561.93	100%	1,391,218.24	100%
Total	1,248,561.93	100%	1,391,218.24	100%

8. Payroll payable

Item	Year beginning	Increase in the current year	Decrease in the current year	Year end
Staff Salary	395,187.16	2,645,398.02	2,697,961.03	342,624.15
Total	395,187.16	2,645,398.02	2,697,961.03	342,624.15

9. Taxes and dues payable

Tax	Year end	Year beginning
VAT	41,597.06	46,850.19
Urban maintenance and construction tax	2,911.79	3,279.27
Enterprise income tax	-	-
Individual income tax	40,018.05	68,379.57
Educational surcharges	2,079.85	2,341.35
Riverway management fee	-	468.15
Total	86,606.75	121,318.53

10. Paid-in capital

Investor's name	Year beginning		Increase in the current year	Decrease in the current year	Year end	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Suzlon Energy Ltd	14,893,981.11 (USD 2,220,000.00)	100%	-	-	14,893,981.11 (USD 2,220,000.00)	100%
Total	14,893,981.11 (USD 2,220,000.00)	100%	-	-	14,893,981.11 (USD 2,220,000.00)	100%

11. Undistributed profits

Item	Current period	Prior period
Balance at the beginning of the current year	-15,316,796.96	-20,624,537.54
Increase in the current year	56,067.40	5,307,740.58
Including: transfer-in from the current year net profits	56,067.40	5,307,740.58
Decrease in the current year	-	-
Balance at the end of the year	-15,260,729.56	-15,316,796.96

12. Operating revenues and Operating cost

Item	Current period		Prior period	
	Income	Cost	Income	Cost
Main operating income	7,418,428.22	-	5,018,263.71	-
Including: Consulting service income	7,418,428.22	-	5,018,263.71	-

13. Sales expenses

	Current period	Prior period
Total Sales expenses	5,921,520.89	5,079,519.42
Mainly: Salaries and social insurance premiums	4,267,565.73	4,083,248.90
Traveling expenses	232,329.75	273,339.64
Insurance expenses	19,500.00	22,015.00
Communication expenses	47,269.10	48,049.00

14. Administrative expenses

	Current period	Prior period
Total administrative expenses	1,329,520.89	997,528.43
Mainly: Rents and Property charges	1,152,157.10	853,208.85
Communication expenses	27,720.75	33,066.73
Entertainment expenses	6,150.50	2,546.80

15. Financial expenses

	Current period	Prior period
Total financial expenses	75,734.48	44,091.40
Including: Net interest expenses	-827.03	-2,057.16
Net exchange gains or losses	59,980.43	35,389.08
Handling charges	16,581.08	10,759.48

16. Non-operating revenue

Item	Current period	Prior period
Total non-operating revenues	33,835.99	6,439,607.62
Including: Support fund	20,000.00	100,000.00
Individual tax refund handling fee	13,835.99	-
Debt exemption incomes	-	6,338,892.62

17. Income tax expenses

Item	Current period	Prior period
Income tax expenses	-	-
Including: income tax of the current period	-	-

VI Cash Flows

1. Reconciliation of net profit into cash flows from operating activities by the indirect method:

Item	Current year	Prior year
1. Reconciliation of net profit into cash flows from operating activities:	—	—
Net profit	56,067.40	5,307,740.58
Less: unrecognized investment losses	-	-
Add: provision for asset impairment	-	-
Depreciation of fixed assets	5,738.80	3,762.77
Amortization of intangible assets	-	-
Amortization of long-term deferred expenses	7,652.17	7,652.15
Decrease in deferred and prepaid expenses (increase expressed with "-")	-	-
Increased in accrued expenses (decrease expressed with "-")	-	-
Losses on disposal of fixed assets, intangible assets and other long-term assets (income expressed with "-")	-	-
Losses on retirement of fixed assets	-	-
Losses on changes in fair value (income expressed with "-")	-	-
Financial expenses	59,980.43	35,389.08
Investment losses (income expressed with "-")	-	-
Decrease in deferred tax assets (increase expressed with "-")	-	-
Increase in deferred tax liabilities (decrease expressed with "-")	-	-
Decrease in inventories (increase expressed with "-")	-	-
Decrease in operating receivables (increase expressed with "-")	692,044.98	-908,861.82
Increase in operating payables (decrease expressed with "-")	-226,305.58	-6,396,452.63
Others	-	-
Net cash flows from operating activities	595,178.20	-1,950,769.87
2. Significant investing and financing activities not involving cash receipts and expenditures:	—	—

Item	Current year	Prior year
Conversion of debts into capital	-	
Convertible corporate bonds due within one year	-	
Fixed assets acquired under finance lease	-	
3. Net changes in cash and cash equivalents:	—	—
Year-end cash balance	864,804.45	336,344.14
Less: Year-beginning cash balance	336,344.14	2,327,629.59
Add: year-end cash equivalent balance	-	-
Less: year-beginning cash equivalent balance	-	-
Net increase in cash and cash equivalents	528,460.31	-1,991,285.45

2. Information regarding cash and cash equivalents:

Item	Year end	Year beginning
1. Cash	864,804.45	336,344.14
Including: Vault cash	-	-
Bank deposits ready for payment at any time	864,804.45	336,344.14
Other monetary capital ready for payment at any time	-	-
2. Cash Equivalents	-	-
Including: investments in bonds due within three months	-	-
3. Year-end Balance of Cash and Cash Equivalents	864,804.45	336,344.14
Including: cash and cash equivalents whose use is subject to restriction to the subsidiaries inside the parent company or group	-	-

VII Contingencies

The Company has no contingencies for disclosure.

VIII Events after the Balance Sheet Date

As of the approval and issue date of the financial statements (March 20, 2018), the Company has no non-adjustment events after the balance sheet date which will influence the reading and understanding of the financial statements.

IX Related Party Relationship and Transactions

1. Information of parent company

Name of parent company	Place of incorporation	Equity Ratio	
		Opening	Closing
Suzlon Energy Ltd	India	100%	100%

2. Related party transactions

(1) Provision of labor services to related parties:

Name of related party	Amount of purchase		Pricing policy or method
Suzlon Energy Ltd	7,418,428.22	5,018,263.71	Negotiated prices

3. Accounts receivable from or payable to the related parties

No

X Approval to the Financial Statements

The 2017 financial statements were approved by the GM office of the Company on March 20, 2018.

Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.

March 20, 2018

Suzlon Wind Energy Equipment Trading (Shanghai) Co., Ltd.

2017 Taxable Income Calculator

Unit: RMB Yuan

Adjustment item		Amount	Remarks
I Accounting profits of the Year		56,067.40	
II Increase in the Taxable Income due to Adjustments			
1	Business entertainment expenses	2,406.20	Actually incurred 6,015.50*40%
2	Tax fine	433.42	
3	Staff welfare expenses	18,130.00	
4			
5			
Total		20,969.62	
III Decrease in the Taxable Income due to Adjustments			
1			
2			
3			
4			
5			
Total		-	
IV Income after the Tax Adjustments		77,037.02	
Less: prior year deficiency		77,037.02	
V Taxable Income after Adjustments		-	

Note:

The Taxable Income Adjustment Table only represents the opinions of the certified public account. The final taxable income of an enterprise is subject to the review of the concerned taxation administration.

Shanghai Zhongchuang & Haijia Certified Public Accountants Co., Ltd.

Chinese Certified Public Accountants

Shanghai China

2018/3/20