

DONG Energy Wind Power TW Holding A/S

**Kraftværksvej 53
Skærbæk**

Annual report for 2016

CVR no 36 03 57 81

(3th Financial year)

Adopted at the annual general meeting on
29 May 2017

Ulrik Jarlov
Chairman

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Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of DONG ENERGY WIND POWER TW HOLDING A/S for the financial year 1 January - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Skærbæk, 24 May 2017

Executive Board

Charlotte Strand

Supervisory Board

Brent Cheshire
Chairman

Martin Neubert
Deputy chairman

Ole Kjems Sørensen

Independent auditor's report

To the shareholders of DONG ENERGY WIND POWER TW HOLDING A/S

Opinion

We have audited the financial statements of DONG ENERGY WIND POWER TW HOLDING A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities 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 ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent auditor's report

- 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 for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, 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.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Independent auditor's report

Hellerup, 24 May 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Kim Danstrup
Statsautoriseret revisor

Poul P. Petersen
Statsautoriseret revisor

Company details

The Company

DONG ENERGY WIND POWER TW HOLDING A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia

Tel: +45 99 55 11 11
Fax: +45 99 55 00 02
Website: www.dongenergy.com

CVR no.: 36 03 57 81
Reporting period: 1 January - 31 December
Domicile: Fredericia

Board of Directors

Brent Cheshire, Chairman
Martin Neubert, Deputy Chairman
Ole Kjems Sørensen

Executive Board

Charlotte Strand

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Consolidated Financial Statements

The Company is included in the consolidated financial statements of the ultimate parent company DONG Energy A/S, Fredericia, CVR no. 36 21 37 28

The consolidated financial statements of the ultimate parent company, DONG Energy A/S, Fredericia, CVR no 36 21 37 28 may be obtained at the following address:

www.dongenergy.com

Management's review

Business activities

The company's objects are to engage in activities in the energy sector and ancillary activities.

Business review

The Company's income statement for the year ended 31 December shows a loss of DKK 66, and the balance sheet at 31 December 2016 shows equity of DKK 1.431.

Special risks apart from generally occurring risks in industry

Operating risks

There are no special risks apart from normal risks associated with the company's core activity.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

Profit/loss before tax for the company is expected to be at the same level as 2016.

Accounting policies

The annual report of DONG ENERGY WIND POWER TW HOLDING A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The annual report for 2016 is presented in TDKK.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses on foreign currency transactions. Net financials also include realised and unrealised gains and losses relating to hedging of currency risks that have not been entered into the hedge revenue or fixed assets.

Accounting policies

Profit/loss from investments in subsidiaries and associates

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Tax on profit/loss for the year

Tax on profit/loss for the year, consisting of current tax for the year, is recognised in the income statement to the extent that it relates to profit/loss for the year and directly in equity to the extent that it relates to entries made directly in equity. The company is subject to the Danish rules on compulsory joint taxation of the DONG Energy Group's Danish companies, and the ultimate parent company, DONG Energy A/S, has also chosen international joint taxation with the Group's foreign subsidiaries. Subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

The ultimate parent company, DONG Energy A/S, is the management company for the joint taxation and consequently settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income. In this connection, Danish subsidiaries with tax losses receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full allocation), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses.

Balance sheet

Investments in subsidiaries

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Accounting policies

Impairment of fixed assets

The carrying amount of property, plant and equipment are reviewed annually to determine whether there is any indication of impairment.

If there are indications of impairment, an impairment test is carried out for each asset or group of assets. Impairment is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount of the asset is calculated as the higher of the net selling price and the value in use. The value in use is calculated as the present value of expected net cash flows from the use of the asset or group of assets and the expected net cash flows from the sale of the asset or group of assets after the end of their useful lives.

Assets, for which revaluations have previously been made are impaired in equity, however, not exceeding the value of the revaluation reserve.

Receivables

Receivables are measured at amortised cost, which normally corresponds to nominal value. Provisions for estimated bad debts are made.

Equity

Dividend

Dividend proposed by management to be distributed for the year is recognised under liabilities.

Income tax and deffered tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign exchange adjustments of balances with unrelated foreign subsidiaries which are considered part of the investment in the subsidiary are taken directly to equity. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments hedging separate foreign subsidiaries are taken directly to equity.

Income statement 1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Financial expenses	1	<u>-84</u>	<u>-3</u>
Profit/loss before tax		-84	-3
Tax on profit/loss for the year	2	<u>18</u>	<u>0</u>
Net profit/loss for the year		<u>-66</u>	<u>-3</u>
Retained earnings		<u>-66</u>	<u>-3</u>
		<u>-66</u>	<u>-3</u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Assets			
Investments in subsidiaries	3	989	0
Fixed asset investments		989	0
Fixed assets total		989	0
Receivables from group enterprises	4	424	0
Tax receivable		18	0
Claim for payment of company capital		0	497
Receivables		442	497
Current assets total		442	497
Assets total		1.431	497

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Liabilities and equity			
Share capital		501	500
Retained earnings		930	-3
Equity	5	<u>1.431</u>	<u>497</u>
Liabilities and equity total		<u>1.431</u>	<u>497</u>
Subsequent events	6		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	-3	497
Cash capital increase	1	999	1.000
Net profit/loss for the year	0	-66	-66
Equity at 31 December	501	930	1.431

Notes to the Annual Report

	2016 TDKK	2015 TDKK
1 Financial expenses		
Financial expenses, group enterprises	84	3
	84	3
 2 Tax on profit/loss for the year		
Current tax for the year	-18	0
	-18	0
 3 Investments in subsidiaries		
Cost at 1 January	0	0
Additions for the year	989	0
Cost at 31 December	989	0
 Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
 Carrying amount at 31 December	989	0

Notes to the Annual Report

3 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>	<u>Equity</u>	<u>Net profit/loss for the year</u>
Dong Energy Wind Power Taiwan Ltd.	Taiwan	100%	1.301	212

4 Receivables from group companies

Included in receivables from group companies is a cash pool of TDKK 290 with the ultimate parent company, DONG Energy A/S

5 Equity

The share capital consists of 501 shares of a nominal value of TDKK 1.000. No shares carry any special rights.

The share capital has developed as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Share capital at 1 January	500	500	0
Additions for the year	1	0	500
Share capital	501	500	500

The company is founded in 2014, but without financial activity.

Notes to the Annual Report

6 Subsequent events

No events have occurred after the balance sheet date which could significantly affect the financial position.

7 Contingent assets, liabilities and other financial obligations

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. references is made to the Annual Report DONG Energy A/S, the company responsible for the administration of the joint taxation arrangement.

The Group's Danish companies are jointly and severally liable for their joint VAT registration.

8 Related parties and ownership

Controlling interest

DONG Energy A/S, Kraftværksvej 53, 7000 Fredericia. (Parent company)

Other related parties

DONG Energy A/S (Ultimate parent company)
The Danish State represented by the Ministry of Finance
Goldman Sachs Group
Group enterprises and associates
Board of Directors, Executive Board and senior employees

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

DONG Energy Wind Power Holding A/S