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**中国风电集团有限公司\***

**China WindPower Group Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 182)**

**CONNECTED TRANSACTION  
ACQUISITION OF EQUITY INTERESTS IN THE TARGET COMPANY**

On 10 July 2012, Jilin CWP, a wholly-owned subsidiary of the Company, entered into the Agreement with Liaoning Energy, Liaoning Projects and the Target Company pursuant to which Jilin CWP has conditionally agreed to (i) acquire the entire equity interest in the Target Company with a consideration of RMB18,337,800 (equivalent to approximately HK\$22.01 million) and (ii) provide a loan of RMB12,952,900 (equivalent to approximately HK\$15.54 million) to the Target Company to repay the Shareholder's Loan.

Liaoning Energy is a substantial shareholder of certain subsidiaries of the Company (for the purposes of the Listing Rules) and therefore Liaoning Energy and Liaoning Projects are connected persons of the Company under the Listing Rules. The Acquisition (when aggregated with the provision of the loan to the Target Company to repay the Shareholder's Loan) constitutes a connected transaction for the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under the Listing Rules.

\* *for identification purpose only*

## THE AGREEMENT

### Date

10 July 2012

### Parties

Vendors: (i) Liaoning Energy; and

(ii) Liaoning Projects, a wholly-owned subsidiary of Liaoning Energy

Purchaser: Jilin CWP, a wholly-owned subsidiary of the Company

Target Company: 遼寧遼能起重工程有限公司 (Liaoning Liaoneng Lifting Engineering Company Limited\*)

Liaoning Energy is a large state-owned enterprise affiliated with the State-owned Assets Supervision and Administration Commission of Liaoning Province. Its establishment was approved by the People's Government of Liaoning Province. Authorised by the provincial government, Liaoning Energy invests in and manages provincial electric power assets.

Liaoning Projects is a wholly-owned subsidiary of Liaoning Energy and is principally engaged in, inter alia, the investment and development of construction business relating to power facilities.

Liaoning Energy is a substantial shareholder of certain subsidiaries of the Company (for the purposes of the Listing Rules) and therefore Liaoning Energy and Liaoning Projects are connected persons of the Company under the Listing Rules.

### Assets involved

Liaoning Energy and Liaoning Projects have agreed to sell and transfer their respective 97.5% and 2.5% equity interests in the Target Company to Jilin CWP.

The Target Company was established on 15 August 2007 with a total registered capital of RMB20 million (equivalent to approximately HK\$24 million). It is principally engaged in the provision of services for lifting engineering.

As at 31 December 2011, based on its audited financial statements, the Target Company had net assets of approximately RMB17.05 million (equivalent to approximately HK\$20.46 million).

For the year ended 31 December 2010, the audited loss of the Target Company (both before and after taxation) amounted to approximately RMB3.03 million (equivalent to approximately HK\$3.64 million). For the year ended 31 December 2011, the Target Company reported a small amount of audited loss (both before and after taxation) of less than RMB1,000.

Pursuant to the Agreement, Jilin CWP shall provide a loan of RMB12,952,900 (equivalent to approximately HK\$15.54 million) to the Target Company to repay the entire Shareholder's Loan.

### **Consideration**

The consideration for the Acquisition is RMB18,337,800 (equivalent to approximately HK\$22.01 million) in relation to the acquisition of the entire equity interest of the Target Company. Within 5 days of the Agreement having taken effect, Jilin CWP shall pay RMB18,337,800 (equivalent to approximately HK\$22.01 million) to an account designated by the Vendors and shall provide a loan of RMB12,952,900 (equivalent to approximately HK\$15.54 million) to the Target Company. Within five days of receiving the aforesaid loan from Jilin CWP, the Target Company shall repay the Shareholder's Loan.

The equity interest of the Target Company was put to open tender on the Assets Exchange by the Vendors, and the Company was the successful bidder and entered into the Agreement. The consideration for the acquisition of the entire interest in the Target Company was determined having regard to the net assets value of the Target Company. The amount of loan to be provided by Jilin CWP to the Target Company equals to the face value of the Shareholder's Loan. Taking into account the aforesaid basis, the Directors consider the consideration for the Acquisition is fair and reasonable. The consideration and the loan to be provided to the Target Company under the Agreement will be satisfied by the internal resources of the Group.

### **Conditions precedent and completion**

The transfer of the equity interests of the Target Company is conditional upon the fulfillment of the following conditions:

- (i) the Vendors providing to Jilin CWP the consent by the relevant authority of the Vendors approving the transfer of equity interests of the Target Company to Jilin CWP in accordance with the articles of association of the Target Company;
- (ii) the Vendors providing to Jilin CWP written the written consent by the Target Company in relation to the Acquisition;
- (iii) the Vendors providing to Jilin CWP the financial accounts of the Target Company which shall be accurate, clear, complete and not misleading;
- (iv) save for the Shareholder's Loan of RMB12,952,900, the Target Company did not have any other outstanding liabilities as at the date of the Agreement; and

- (v) the Vendors settling any compensations or disputes in relation to the severance of employment of the existing staff of the Target Company.

Completion of the transfer of the equity interests in the Target Company is expected to take place by 31 July 2012. Upon completion, the Target Company will be accounted for as a wholly-owned subsidiary in the consolidated financial statements of the Company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the wind power sector, investing in various wind farm projects and providing wind power engineering and construction services in the PRC. The use of cranes is essential in the Group's construction of wind power plants and the Group has since June 2010 rented crane equipment from the Target Company whose assets primarily comprise fixed assets of cranes. The Company considers that the Acquisition will allow the Group to secure the use of the cranes strengthening its wind power plant construction capabilities.

The Directors (including the independent non-executive Directors) consider that the terms of Agreement are on normal commercial terms, fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Liaoning Energy is a substantial shareholder of certain subsidiaries of the Company (for the purposes of the Listing Rules) and therefore Liaoning Energy and Liaoning Projects are connected persons of the Company under the Listing Rules. The Acquisition (when aggregated with the provision of the loan to the Target Company to repay the Shareholder's Loan) constitutes a connected transaction for the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under the Listing Rules.

As no Director has a conflict of interest in respect of the Acquisition, no Director abstained from voting in respect of board resolutions approving the Agreement and the transactions contemplated thereunder.

## **DEFINITIONS**

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Acquisition”	CWP Jilin's acquisition of the entire equity interest in the Target Company
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“Agreement”	the agreement dated 10 July 2012 entered into between Jilin CWP, Liaoning Energy and Liaoning Projects as amended by the supplemental agreement dated 10 July 2012 entered into between Jilin CWP, Liaoning Energy and the Target Company in relation to the Acquisition and the provision of a loan of RMB12,952,900 by Jilin CWP to the Target Company to repay the Shareholder’s Loan
“Assets Exchange”	沈陽聯合產權交易所 (Shenyang United Assets and Equity Exchange*)
“Board”	the board of Directors
“Company”	China WindPower Group Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jilin CWP”	Jilin CWP Power Engineering Co., Ltd. (吉林協合電力工程有限公司), a wholly-owned subsidiary of the Company
“Liaoning Projects”	遼寧能源重點工程投資有限責任公司 (Liaoning Energy Key Projects Investment Limited*), a wholly-owned subsidiary of Liaoning Energy
“Liaoning Energy”	遼寧能源投資(集團)有限責任公司 (Liaoning Energy Investment (Group) Co., Ltd)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi Yuan, the lawful currency of the PRC

“Shareholder’s Loan”	the shareholder’s loan payable by the Target Company to Liaoning Energy amounting to approximately RMB12,952,900 (equivalent to approximately HK\$15.54 million) as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	遼寧遼能起重工程有限公司 (Liaoning Liaoneng Lifting Engineering Company Limited*)
“Vendors”	Liaoning Energy and Liaoning Projects
“%”	per cent

By order of the Board  
**China WindPower Group Limited**  
**Liu Shunxing**  
*Chairman and Chief Executive Officer*

Hong Kong, 10 July 2012

*As at the date of this announcement, the board of directors of the Company comprises Mr. Liu Shunxing (Chairman and Chief Executive Officer), Mr. Ko Chun Shun, Johnson (Vice-Chairman), Mr. Wang Xun, Mr. Yang Zhifeng, Ms. Liu Jianhong, Mr. Yu Weizhou, Mr. Zhou Zhizhong, Ms. Ko Wing Yan, Samantha and Mr. Chan Kam Kwan, Jason (each of whom is an executive director of the Company), Mr. Tsoi Tong Hoo, Tony (who is a non-executive director of the Company), and Dr. Zhou Dadi, Dr. Wong Yau Kar, David, JP, and Mr. Yap Fat Suan, Henry (each of whom is an independent non-executive director of the Company).*

*For the purpose of this announcement, the translation of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.2.*