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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)

**PLACING OF EXISTING SHARES
AND
SUBSCRIPTION OF NEW SHARES
AND
RESUMPTION OF TRADING**

PLACING AGENT



ABN-AMRO

On 16 July 2009, the Placing Agreement was entered into, pursuant to which, the Placing Agent has agreed to place, on a best endeavour basis, up to 700,000,000 existing Shares held by Gain Alpha, representing approximately 11.19% of the issued share capital of the Company as at the date of this announcement, at the Placing Price of HK\$0.85 per Share. On even date, the Subscription Agreement was entered into, pursuant to which, Gain Alpha will subscribe such number of new Shares equal to the number of Placing Shares actually placed under the Placing, at the Subscription Price of HK\$0.85 per Share. Assuming the maximum of 700,000,000 Placing Shares are placed under the Placing Agreement, the Subscription Shares represent approximately 11.19% of the existing issued share capital of the Company and approximately 10.07% of the then issued share capital of the Company as enlarged by the Subscription.

* For identification purpose only

The Placing is conditional upon the fulfillment of certain conditions set out in the paragraph headed “The Placing” in this announcement. The Subscription is conditional upon completion of the Placing Agreement and the granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be issued under the general mandate which was granted to the Directors by the Shareholders at the Company’s annual general meeting held on 15 July 2008.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Assuming all the Placing Shares are placed under the Placing Agreement, the net proceeds from the Subscription are estimated to be approximately HK\$579 million. It is the intention of the Company to use such net proceeds for the acquisition and pre-development of additional onshore and offshore wind farm resources; expediting wind farm investment and increase in wind power installed capacity; and enhancement of facilities and capabilities of EPC, operation and maintenance services.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 16 July 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 July 2009.

THE PLACING AGREEMENT

Date : 16 July 2009

Parties : (1) Gain Alpha;
(2) the Company; and
(3) the Placing Agent

The Placing

Gain Alpha holds 2,000,000,000 Shares representing approximately 31.98% of the issued share capital of the Company as at the date of this announcement.

Gain Alpha is a company wholly-owned by Mr. Ko Chun Shun, Johnson, the Vice Chairman and an executive Director of the Company.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent is not a connected person of the Company and is independent of and not connected with the Company and its connected persons.

The major terms of the Placing under the Placing Agreement are summarized as follows:

- Placees : The Placing Shares will be placed to not less than six professional, institutional and other investors selected and procured by the Placing Agent, who will be independent from, not connected or associated with, and not acting in concert with the directors, chief executive or substantial shareholder of the Company, any of its subsidiaries and respective associates.
- Number of Placing Shares : On a best endeavour basis, up to 700,000,000 Shares, representing approximately 11.19% of the existing issued share capital of the Company, and approximately 10.07% of the issued share capital of the Company as enlarged by the Subscription.
- Placing Price : HK\$0.85 per Share
- Commission : 2.375% of the Placing Amount
- Rights attached to the Placing Shares : The Placing Shares will be sold free of all liens, charges and encumbrances, claims, options and third party rights and together with all rights attaching to them at Completion, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares after Completion.
- Conditions : Completion of the Placing is conditional upon:
- (a) the Subscription Agreement having been entered into by the parties thereto and not having been revoked, terminated or modified without the written consent of the Placing Agent (such consent shall not be unreasonably withheld);
 - (b) there not having come to the attention of the Placing Agent at any time prior to the Completion (i) any material breach of, or any event rendering untrue, incorrect, misleading or breached in any respect, any of the representations, warranties or undertakings referred to in the Placing Agreement or (ii) any material breach of, or failure to perform, any of the other obligations of the Company or Gain Alpha which are required to be performed at or before Completion;

- (c) there not having come to the attention of the Placing Agent at any time prior to Completion (i) any suspension of dealings in the Shares for any period of more than one day (even if such suspension is subsequently lifted prior to Completion) except for any suspension of dealings in the Shares caused by or in relation to the Placing or (ii) any adverse announcement, determination, investigation, indictment or ruling of any governmental or other regulatory body and whether against Gain Alpha, the Company, any of their respective directors or senior management or otherwise (including delay in approval of this announcement or any other relevant announcement by any relevant stock exchange), which (in any case mentioned in (a) or (b) above), in the opinion of the Placing Agent, would be likely to prejudice materially the success of the Placing;
- (d) there not having occurred:
 - (i) any event, or series of events, beyond the reasonable control of the Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, terrorism, acts of war and acts of God);
 - (ii) any material adverse change, or development (whether or not permanent) involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company or the Group as a whole, whether or not arising in the ordinary course of business;
 - (iii) any change or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international monetary, financial, economic, legal, taxation or political conditions (including, without limitation, conditions in the stock market, in the foreign exchange market, inter-bank market, money market and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in Hong Kong and overseas or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions;
 - (iv) any local, national or international occurrence, outbreak or escalation of hostilities whether war had been declared or not, or insurrection or armed conflict (whether or not involving financial markets), including, without limitation, the escalation of hostilities in Iraq or North Korea;

which, in the opinion of the Placing Agent, is likely to or may prejudice materially the success of the Placing;

- (e) there not having developed, occurred or come into force the introduction of any new law or regulation or change in existing laws or regulations (or the judicial interpretation thereof) or any other similar event which in the opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial condition of the Company;
- (f) there not having been imposed any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to completion of the Placing; and
- (g) the delivery to the Placing Agent at Completion certified true copies of the board minutes of:
 - (i) the Company duly authorising the Company to enter into the Placing Agreement and the Subscription Agreement; and
 - (ii) Gain Alpha duly authorising Gain Alpha to enter into the Placing Agreement and the Subscription Agreement.

If any of the above conditions are not fulfilled or waived by the Placing Agent by Completion, the Placing Agreement will cease and terminate.

Subject to fulfillment or waiver of the conditions to the Placing, the Completion shall take place on 21 July 2009 (or such other date as Gain Alpha, the Company and the Placing Agent may agree).

- Lock-up :
undertakings
- (a) The Company has undertaken to the Placing Agent that (except for (i) the new Shares to be allotted and issued to the subscribers named in the Subscription Agreement; (ii) any new Shares or options to be issued pursuant to the existing employee share option scheme(s) of the Company; (iii) any new Shares to be issued upon conversion of any outstanding convertible securities of the Company as at the date of the Placing Agreement; and (iv) any Shares or other securities or rights issued or granted to shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with its bye-laws or on the exercise of rights existing at the date of the Placing Agreement) from the date hereof and on and prior to the date being 60 days after the date of the Placing Agreement it will not, without the prior written consent of the Placing Agent (which consent shall not be unreasonably withheld or delayed):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for any Shares or interests therein, or substantially similar to any Shares or interest in Shares; or
 - (ii) agree (conditionally or unconditionally) to enter into or effect any such transactions with the same economic effect as any of the transactions described in (i) above; or
 - (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.
- (b) Gain Alpha has undertaken to the Placing Agent that:
- (i) it will not dispose of any Shares of the Company or any interest therein which may create a disorderly or false market for the Shares of the Company; and
 - (ii) (except for the Placing of the Placing Shares pursuant to the Placing Agreement) from the date of the Placing Agreement and on or prior to the date being 60 days after the date of the Placing Agreement it will not and will procure that none of its nominees, companies controlled by it or trusts associated with it (whether individually or together and whether directly or indirectly) will (without the prior written consent of the Placing Agent, which consent shall not be unreasonably withheld or delayed):
 - (A) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the new Shares to be issued under the Subscription Agreement but excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for any Shares or interests therein, or substantially similar to any such Shares or interests;

(B) or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (A) or (B) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(C) or announce any intention to enter into or effect any such transaction described in (A) or (B) above,

PROVIDED that the provisions contained in (A), (B) and (C) above shall not apply to those Shares (excluding the Shares to be subscribed by Gain Alpha pursuant to the Subscription Agreement) which are acquired by Gain Alpha after the date of the date of the Placing Agreement.

THE SUBSCRIPTION AGREEMENT

Date : 16 July 2009

Issuer : The Company

Subscriber : Gain Alpha

Number of : Such number of new Shares equal to the number of Placing Shares actually
Subscription placed under the Placing
Shares

Assuming the maximum of 700,000,000 Placing Shares are placed under the Placing Agreement, the Subscription Shares represent approximately 11.19% of the existing issued share capital of the Company, and approximately 10.07% of the then issued share capital of the Company as enlarged by the Subscription.

Subscription : HK\$0.85 per new Share
Price

The Placing Price and the Subscription Price are the same and were determined after arm's length negotiations between the Company, Gain Alpha and the Placing Agent with reference to the recent trading prices of the Shares. The Placing Price and the Subscription Price represent (i) a discount of approximately 12.37% to the closing price per Share of HK\$0.97 on 15 July 2009, being the day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 7.41% to the average closing price per Share of approximately HK\$0.918 for the last five trading days up to and including 15 July 2009.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 15 July 2008, pursuant to which the Directors are authorised to allot and issue up to 20% of the issued share capital of the Company as at the date of passing of the resolution approving the said general mandate (i.e. 1,250,894,115 Shares). Up to the date of this announcement, save for the proposed issue of the Subscription Shares pursuant to the Subscription Agreement, the Directors have not exercised the power to allot and issue any new Shares pursuant to such general mandate.

Completion of the Subscription is conditional upon fulfillment of (i) completion of the Placing; and (ii) granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. These conditions shall be fulfilled on or before 30 September 2009 (or such later date as the parties may agree in writing). Completion of the Subscription shall take place on the business day after the date upon which all the conditions set out above have been fulfilled, or such date may be agreed between the Company and Gain Alpha.

COST AND EXPENSES

In the event the completion of the Subscription Agreement duly takes place, the Company will reimburse the Subscriber for all the costs and expenses properly incurred by the Subscriber in connection with the Placing (including without limitation the fees and commission payable to the Placing Agent under the Placing Agreement and other costs and fees) after deducting, where applicable, interest accrued and received by the Subscriber on the net proceeds of the Placing during the period between completion of the Placing and completion of the Subscription.

RANKING

All the Subscription Shares, when fully paid for and issued, will rank *pari passu* in all respects among themselves and with the other Shares in issue on the date of allotment of the Subscription Shares pursuant to the Subscription Agreement.

LISTING APPLICATION

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Gain Alpha is a substantial shareholder of the Company and therefore is a connected person of the Company under the Listing Rules.

The Subscription is expected to be completed within 14 days from the date of the Placing Agreement and will be exempt from the connected transaction requirements in accordance with Rule 14A.31(3)(d) of the Listing Rules.

If the Subscription does not complete within 14 days from the date of Placing Agreement, the Company will then seek approval from its independent Shareholders in respect of the Subscription Agreement in accordance with the applicable requirements under Chapter 14A of the Listing Rules.

EFFECT OF THE PLACING AND SUBSCRIPTION

The following table sets out the shareholding structure of the Company as at the date of this announcement and the shareholding structures of the Company after completion of the Placing and after the completion of the Subscription (assuming all the Placing Shares are placed under the Placing Agreement and there are no other changes to the issued share capital of the Company):

	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Gain Alpha	2,000,000,000	31.98%	1,300,000,000	20.79%	2,000,000,000	28.76%
China Wind Power Investment Limited (<i>note</i>)	1,700,000,000	27.18%	1,700,000,000	27.18%	1,700,000,000	24.44%
Placees (public)	—	0.00%	700,000,000	11.19%	700,000,000	10.07%
Other existing public Shareholders	<u>2,554,470,578</u>	<u>40.84%</u>	<u>2,554,470,578</u>	<u>40.84%</u>	<u>2,554,470,578</u>	<u>36.73%</u>
Total	<u>6,254,470,578</u>	<u>100.00%</u>	<u>6,254,470,578</u>	<u>100.00%</u>	<u>6,954,470,578</u>	<u>100.00%</u>
Total public shareholding	<u>2,554,470,578</u>	<u>40.84%</u>	<u>3,254,470,578</u>	<u>52.03%</u>	<u>3,254,470,578</u>	<u>46.80%</u>

Note: China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited (“Concord”). Four executive Directors namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong collectively hold approximately 65.135% of Concord and the above four Directors are also the directors of the three companies mentioned in this note.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND THE USE OF PROCEEDS

The Group is principally engaged in the wind power business and industry, investing in various wind farm projects and providing wind power engineering and construction services in the PRC. The Group is primarily engaged in (a) investment in wind power plants; (b) wind power engineering, procurement, construction and technical consultancy services and provision of power plant maintenance services; and (c) manufacturing of wind power equipment.

In view of the market conditions, the Directors consider that the Placing and Subscription represents a good opportunity for the Company to strengthen its cash resources and working capital position for the development of the Group’s fast growing wind power business. The Directors are of the view that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and in the interests of the Shareholders.

Assuming the maximum number of the Placing Shares are placed under the Placing Agreement, the gross proceeds from the Subscription will be HK\$595 million, the net proceeds from the Subscription are estimated to be HK\$579 million (representing a price net of expenses of approximately HK\$0.827 per Subscription Share). It is the intention of the Directors to use such net proceeds for the acquisition and pre-development of additional onshore and offshore wind farm resources; expediting wind farm investment and increase in wind power installed capacity; and enhancement of facilities and capabilities of EPC, operation and maintenance services.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE 12 MONTHS IMMEDIATELY PRIOR TO THE DATE OF THIS ANNOUNCEMENT

The Company has not raised any funds by way of issue of equity securities (other than the exercise of share options in accordance to the share option scheme of the Company) in the past twelve months immediately prior to the date of this announcement.

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE NOTES

Adjustment to the conversion price of the Convertible Notes may be required under the relevant terms of the instrument constituting the Convertible Notes of the Company. An approved merchant bank will be appointed to certify the necessary adjustments, if any, to the conversion price of the Convertible Notes. Further announcement will be made by the Company if there is any change to the conversion price of the Convertible Notes.

GENERAL

As at the date of this announcement, the board of Directors comprises Mr. Liu Shunxing (Chairman and Chief Executive Officer), Mr. Ko Chun Shun, Johnson (Vice-Chairman and executive Director), Mr. Wang Xun, Mr. Yang Zhifeng, Ms. Liu Jianhong, Mr. Yu Weizhou and Mr. Chan Kam Kwan, Jason (who are executive Directors), Mr. Tsoi Tong Hoo, Tony (who is a non-executive Director), and Mr. Ho Tak Man, Billy, Mr. Yap Fat Suan, Dr. Wong Yau Kar, David and Dr. Zhou Dadi (who are independent non-executive Directors).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 16 July 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 July 2009.

DEFINITIONS

“Company”	China WindPower Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	Completion of the Placing pursuant to the Placing Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Convertible Notes”	The convertible notes of outstanding amount of HK\$31,700,000 issued by the Company on 19 June 2008 , which are convertible into 320,202,020 Shares with the conversion price of HK\$0.099 per Share, subject to adjustments
“Directors”	director(s) of the Company
“Gain Alpha”	Gain Alpha Finance Limited, a company which beneficially holds 2,000,000,000 Shares, representing approximately 31.98% of the issued share capital of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	ABN AMRO Bank N.V., Hong Kong branch, licensed under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities and the placing agent under the Placing Agreement
“Placing Agreement”	the placing agreement entered into amongst the Company, the Placing Agent and Gain Alpha dated 16 July 2009
“Placing Amount”	the amount equal to the Placing Price multiplied by the number of Placing Shares actually placed pursuant to the terms and subject to the conditions to the Placing Agreement

“Placing Price”	HK\$0.85 per Placing Share
“Placing Shares”	up to 700,000,000 existing Shares to be placed by the Placing Agent under the Placing Agreement
“PRC”	the People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between Gain Alpha and the Company dated 16 July 2009
“Subscription Price”	HK\$0.85 per Subscription Share
“Subscription Shares”	such number of new Shares equal to the number of Placing Shares actually placed under the Placing

By order of the board
China WindPower Group Limited
Liu Shunxing
Chairman

16 July 2009, Hong Kong